

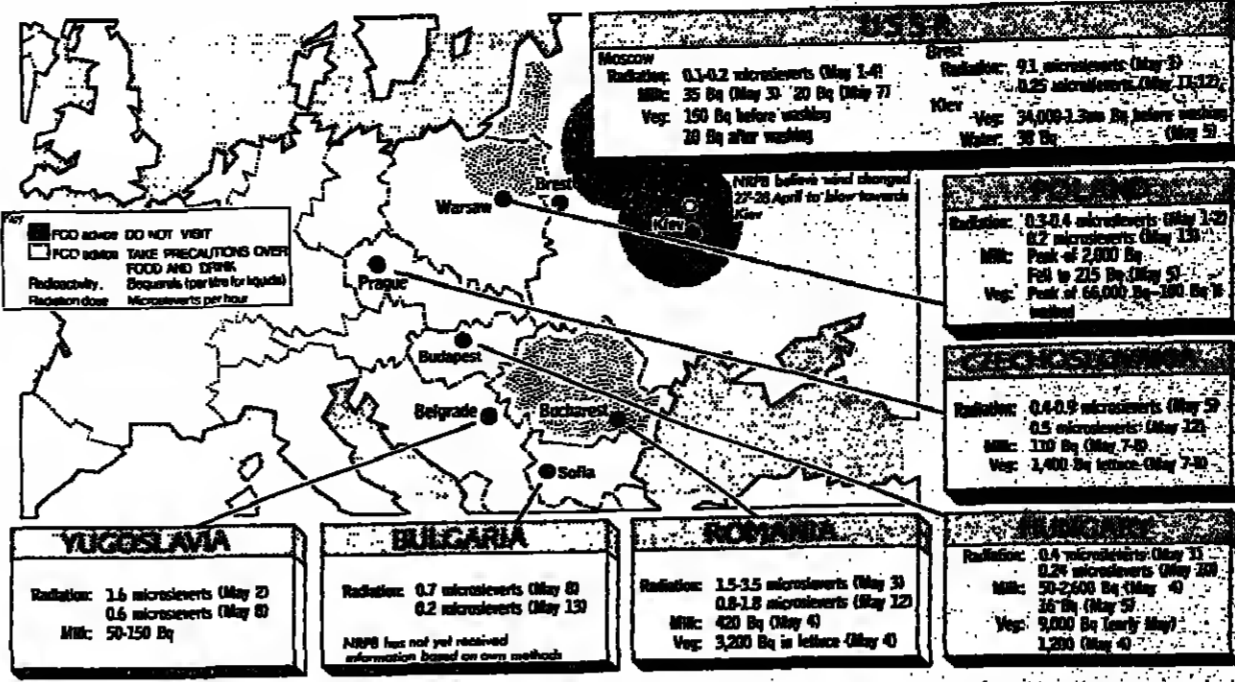
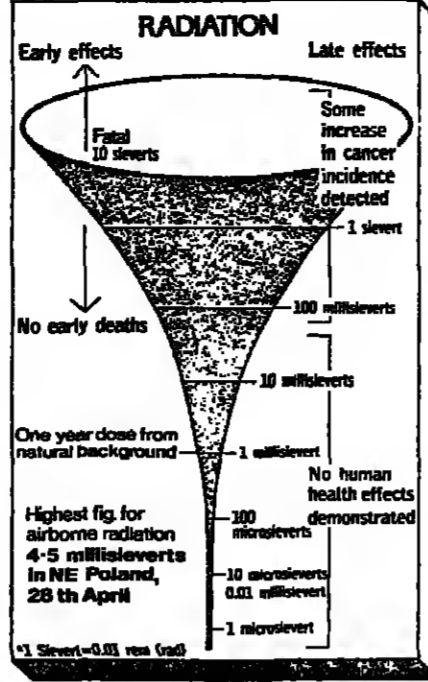
EUROPEAN NEWS

Commission presses for stricter diesel exhaust standards

BY PAUL CHEESBRIGHT IN BRUSSELS

STRICTER EXHAUST standards to cut air pollution from diesel vehicles have been suggested by the European Commission. They would come into effect at the start of 1988.

Under the new proposals, announced yesterday, diesel-powered cars would be subject to a new test related to particulate emissions, which may be liquids or solids but are not gases.



EEC concern on Sellafield safety

BY QUENTIN PEEL IN STRASBOURG

THE European Commission appears likely to step up its pressure on Britain for reassurance on safety measures at the Sellafield nuclear reprocessing plant, following the Chernobyl disaster.

Not satisfied with a report on Sellafield produced by national experts, the report concluded that it was not necessary to set up a special EEC monitoring unit to inspect the safety of nuclear plants, because existing legislation provided adequate safeguards.

Mr Stanley Clinton Davis, the British Commissioner responsible for environmental question in Brussels, told the European Parliament he was worried, it is all too complex for ordinary people to understand.

The European Commission yesterday offered 370 tonnes of powdered milk to Poland to help children unable to drink fresh milk following the Chernobyl accident.

France has imposed its first restriction on food affected by the disaster by banning the consumption of spinach in Alsace, Reuter reports from Paris.

NOTICE OF REDEMPTION

Gillette Overseas Finance Corporation N.V.

8% Guaranteed Convertible Subordinated Debentures Due 2003

Convertible into Common Stock of The Gillette Company

Redemption Date: June 2, 1986

Exchange Rate Expires: June 2, 1986

UK electricity board urges Italy not to shut Magnox plant early

BY JAMES BUXTON IN ROME

BRITAIN'S Central Electricity Generating Board has been urging its Italian counterpart, ENEL, not to yield to domestic political pressure to close prematurely the Magnox nuclear plant at Latina, south of Rome.

Chernobyl, however, and in common with other Magnox plants, it is cooled by carbon dioxide gas not water.

Nuclear experts stress that the combination of graphite and carbon dioxide has a very low reactive potential, while the combination of water and graphite is, on the contrary, highly reactive and therefore dangerous.

The main political parties, including the opposition Communists, are generally taking a cautious line on the future of nuclear energy in Italy.

Perez de Cuellar remains hopeful of Cyprus solution

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

THE UN Secretary-General, Mr Javier Perez de Cuellar, yesterday told Mrs Margaret Thatcher, the British Prime Minister, that he had not given up hope of finding a solution to the Cyprus problem.

Cyprus, together with the Falkland Islands, the Middle East situation, Afghanistan and terrorism, were among the main issues discussed by Mr Perez de Cuellar in meetings in London with Mrs Thatcher and Sir Geoffrey Howe, the Foreign Secretary.

The Greek Cypriots called on Mr Perez de Cuellar either to organise an international conference or a summit meeting between Mr Kyprianou and Mr Rauf Denktaş, the Turkish Cypriot leader, to negotiate an agreement on three essential issues not tackled in detail in the UN plan.

Kohl struggles to regain political initiative in Bonn

BY PETER BRUCE IN BONN

CHANCELLOR Helmut Kohl of West Germany, moved yesterday to try to regain political initiative in Bonn following a week of cabinet infighting and opposition successes in the wake of the Chernobyl nuclear reactor accident.

The Chernobyl disaster threatens to destroy government hopes of retaining power in the important Lower Saxony state election next month. Bonn's reaction to the fallout from West Germany has been seen as patchy and confused.

European unity reigns briefly in Strasbourg

BY QUENTIN PEEL IN STRASBOURG

KING JUAN CARLOS of Spain yesterday celebrated Spanish entry to the EEC with a speech to the European Parliament promising support for the goal of European unity.

His speech followed a major debate on the Community's role in defence, which left the MEPs divided not only on the question of disarmament and nuclear weapons, but also

between the supporters of Nato, and those committed to neutrality. The King appeared to be in sympathy with MEPs seeking a wider defence role within the framework of the EEC as well as outside it—although the Socialists and the Greens want that role to be a joint commitment to disarmament.

In a bipolar world that is evolving rapidly from the atomic age to the space age, what was needed was to build a Europe not only as a passive shock absorber for tensions, but also as a force for generating peace on earth.

Dutch say dubious brokers driven out

THE Dutch Economic Minister, Mr. Duisend, said yesterday that investment companies had been driven out of the Netherlands and Amsterdam's stock market had been restored.

Five investment companies have been added since May 7, after the government in an effort to gather evidence for possible legal action, according to Mr. Duisend.

Mr. Duisend said the government was confident that the companies that were added to the list would be more active and likely to be effective.

The public prosecutor's activities would hold any factual evidence against us, Mr. Duisend said. He was confident First Commerce would qualify for a newly required licence if an application would be made in June.

French prices up 0.3-0.4% last month

BY DAVID HOSSEIG IN PARIS

FINANCIAL TIMES

Price High 12 Mo 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

Handwritten note: "سكوت من الاجل"

EUROPEAN NEWS

Paul Betts on European party fortunes
Communists try to turn ebbing tide of support

MR GEORGES MARCHEAIS, the French Communist Party secretary-general and one of the most conspicuous personalities on the French political scene, has always had a theatrical penchant. This week he surprised his party's central committee, by suddenly announcing he would not stand again in the next presidential election. His decision opens a new chapter in the troubled history of the French Communist Party. During the past 15 years, the party has seen its electoral support decline steadily. Once the largest party of the French left, the Communists have been overtaken by the Socialists and now can claim just 10 per cent of the national vote, the same level of popular support as the extreme right National Front of Mr Jean Marie Le Pen. By deciding not to stand again, Mr Marchais has implicitly acknowledged that the time has finally come for new leaders. Although Mr Marchais remains secretary-general, he has opened the way for a successor. But if Mr Marchais's decision reflects the profound internal crisis currently shaking a party torn between dissident reformists and hard line traditionalists, it is also a further eloquent example of the general decline of western European Communist parties. In Italy, where the Communists still command about 30 per cent of the national vote, the PCI has suffered a series of setbacks at local and national level. Although far from experiencing the electoral collapse that has hit its French counterpart, it seems to have succumbed to the same sort of political erosion as the French party in the 1970s. The PCI has not recovered from the death of its former leader, Mr Enrico Berlinguer, and has been desperately trying to find a strategy to replace at a domestic level Mr Berlinguer's concept of "historic compromise" with the Christian Democrats and, at the international level, the much haunted idea of Eurocommunism. At home, the PCI has been pushing for an alliance of left-wing parties—the so-called "left-wing alternative" while in Europe it has sought to pro-

ject itself as part of what it likes to call the "Euro-left." No one talks these days any more about Eurocommunism, a concept which has disappeared without fanfare in the past few years as Communist parties nearly everywhere in Europe have seen their electoral support decline. Indeed, with the recent collapse of the French party as a major political force, the Italians have remained in many ways the last significant communist bastion in Western Europe. Mr Georges Marchais's decision not to stand again for the French presidency reflects the profound crisis shaking a party torn between reformists and hardliners. It is also another eloquent example of the general decline of Western European Communist parties. In Spain, the Communists have seen their electoral support fall to under 4 per cent of the national vote and the movement is now splintered in several different factions, including a pro-Soviet group which has Euro-communist leanings. The various factions are now trying to regroup to help lift their performance in the general election next month. But this joining of forces is not expected to boost them significantly. Mr Santiago Carrillo, the veteran Communist leader, continues to be excluded from his party's chief organs, weakening the movement as a whole. Indeed, Mr Carrillo has sarcastically referred to the current regrouping of factions as a "gazpacho," the Spanish national soup made of mixed vegetables. In Portugal, where the Communist party maintains a strong pro-Soviet line, the party saw its support fall 2.5 percentage points in the last election to around 15.5 per cent. Moreover, the Portuguese Communists, whose strength reflects

their country's far poorer economic situation compared with the rest of Europe, are also likely to face a serious problem finding a successor to their veteran leader Mr Alvaro Cunhal, who, in many ways, has been a Stalinist version of Mr Berlinguer. Whether European Communist parties have been pro-Soviet, like the Portuguese and to a considerable extent the French, or Eurocommunist, for lack of a better word, like the Italians and a large section of the Spaniards, those parties appear to be in decline. In France, the repeated policy about-turns of Mr Marchais and the party's autocratic leadership structure have led to an unprecedented wave of internal dissidence inside the party. Reformist members are seeking to push the party towards a more open and democratic structure and a more autonomous Italian-style approach to relations with Moscow. Despite the steady decline of the party, Mr Marchais has managed to hang on at the top of the party. But the party has alienated an increasing number of its intellectuals—a phenomenon which has also been taking place in Italy—while confusing its working-class base with its participation in a Socialist government until 1984 which introduced sweeping restructuring in key sectors of French industry and a tough austerity economic programme. Mr Marchais's credibility has been increasingly questioned inside the party, and soon after the parliamentary elections in March, Communist dissidents were openly criticising the secretary-general and his leadership. "We are in a situation which risks putting us in liquidation," said Mr Tony Laine, a prominent French Communist intellectual. Where the French party goes now will depend largely on the choice of its next presidential candidate. A candidate sympathetic to the reformists would imply a major evolution in its overall approach. But, equally, the party might choose a hardliner in a further last-ditch effort by the current leadership to hold power. Whatever happens in France will inevitably have significant implications for other European Communist parties.

Portuguese banks bloom in easier climate

By Diana Smith in Lisbon
PORTUGAL'S nationalised banks are responding to steady liberalisation of the economy and beginning to raise new capital by public subscription. Banco Espirito Santo e Comercial de Lisboa (BESCL), the second largest and most profitable nationalised commercial bank, next week starts issuing tranches of Es 6bn (£26m) worth of participation bonds, a hybrid that is 75 per cent fixed income bond and 25 per cent equity entitling the holder to dividends and a vote at an annual general meeting which will appoint an independent auditor. The equity portion means an Es 1.5bn increase in the bank's capital of Es 9bn. A discreet form of partial denationalisation, participation bonds have already been used by Portugal's largest nationalised commercial bank, Banco Portugues do Atlantico, whose Es 3bn issue sold out in a fortnight. Two other banks, Banco Totta e Acores and Banco Pinto Sottomayor are seeking permission to issue similar bonds albeit in smaller amounts. The BESCL bond issue may be particularly attractive to investors since the bank reported a record profit for a Portuguese nationalised bank last year of Es 1.5bn. This was thanks to a marked improvement in margins caused by a 25 per cent drop in expensive time deposits and 22 per cent growth in current accounts and highly selective concession of credit. H. Parry and Son, the small shipyard south of Lisbon in which the state-owned company Investimentos e Participacoes do Estao holds 48 per cent, has declared its intention to file for bankruptcy after piling up losses of Es 2bn. Prospects of improvement in the financial situation of the yard, founded 110 years ago and later an offshoot of the big Lisnave repair yard, were dashed when the Government refused to include Parry and Son in a rescue deal. Some 550 workers will lose their jobs if the yard closes.

JOBS COLUMN SURVEY CONFIRMS SWISS ON TOP
How senior executives' rewards vary across Europe

BY MICHAEL DIXON
THE DOMINANT position of Swiss top managers in the European pay league is again confirmed by the table below, which marks the close of the Jobs column's spring salary survey season. As in previous years, the figures are drawn from the study made in January by Brussels-based Executive Compensation Service, a subsidiary of the Wyatt group. The full survey report covers nine different kinds of senior executive in 15 countries, whereas any table refers only to three kinds in 10. So anyone wishing to know more should contact Paul McCourt of ECS at Avenue Roger Vandendriessche 18 (Box 3) B-1150 Brussels, Belgium; telephone (02) 771 99 10, telex 85154. The three kinds of manager I have used as a basis for comparison are chief executives, and directors of finance and of personnel. No attempt has been made to adjust the figures for differences in costs of living from country to country. I have just given the basic salaries, total rewards received in money including bonuses and such like, and rough indicators of how much of the total cash pay is left after deductions for income tax and social security in the 10 countries in question. The deductions are those which are standard for a married bread-winner with two dependent children. While the tax and social security payments are those which were in force in January, however, I have done some updating in the process of converting the foreign currencies into sterling by using the exchange rates prevailing at the close of the London markets last Monday. The left-hand set of three columns of figures refer to the lower quartile executive who would come a quarter of the way up from the bottom of a ranking of all in the same job category in the same country. The next three columns refer to the median managers who would be half-way in the ranking. The position of each country in my league table is decided by the median chief executive's "all cash pay." Then comes three columns giving the averages. The last set of three columns of figures refers to the upper quartile executive who would come a quarter of the way down from the top of the ranking of those in the same category and country. Switzerland and West Germany continue to hold the top two places in the league table, as they have done since I first drew up a European pay ranking several years ago. But in 1985 the Netherlands chief executive has climbed above the French counterpart in terms of median all cash pay. In terms of median net cash pay, however, the ranking is different. Although the Swiss again take top place, the French come second, the Germans third, the Italians fourth, the Dutch fifth, and the British sixth. One of the many things the table does not show is the lowly value the UK gives to its engineering directors. By the median all cash pay measure, the British engineering boss does less than half as well as the chief executive. In the other nine countries the engineering director is paid between three-fifths and three-quarters as much as the company chief.

Table with columns: Country and job category, Lower Quartile (Basic salary, All cash pay, All net cash pay), Median (Basic salary, All cash pay, All net cash pay), Average (All cash pay, Basic salary, All net cash pay), Upper Quartile (Basic salary, All cash pay, All net cash pay). Rows include Switzerland, West Germany, France, Belgium, Italy, Sweden, United Kingdom, Portugal, and Spain.

Advertisement for Aycliffe and Peterlee Development Corporation. Features a large image of a ship's hull with the text: "Aycliffe and Peterlee, gentlemen? Be realistic! Its European connections are in no way superior to our present ones." Below the image, it says: "(The truth: directly facing Europe, with sea links via the two major ports of Teesside and Tyneside, the region also boasts an adjacent international airport, and a second airport within 40 miles, at Newcastle.)" At the bottom right, there is a box with "DIAL 100 AND ASK FOR FREEFONE AYCLIFFE PETERLEE" and "Aycliffe & Peterlee Development Corporation".

OVERSEAS NEWS

Terrorist bomb attacks jolt Jakarta

BY MICHAEL BYRNES IN JAKARTA



Mr Keating: banana republic

JAKARTA was shaken by a series of bomb blasts yesterday. Embassies, a hotel and an office building containing business interests owned by a close associate of President Suharto were attacked. No-one seems to have been killed or injured in the blasts.

Jakarta's 10-lane main thoroughfare, Jalan Thamrin, was almost simultaneously destroyed by seven cars in the car park of Wisma Metropolitan, a downtown office building which contains the offices of Mr Liem Sioe Liong, a close business associate of President Suharto, as well as the Canadian Embassy. A third bomb at the US Embassy failed to explode at the same time, there was an explosion in the Kartika Chandra Hotel, a ven-

ture owned by the wives of top Indonesian military personnel. Police said later that it was not known who was responsible. However, officials at the Japanese Embassy advanced the theory that attacks were connected with missile bombings in Tokyo during the recent summit meeting. These attacks were launched by the largest Japanese left-wing organisation, the Chukaku-ha.

Scheme to resettle millions condemned

HUMAN RIGHTS and environmental groups called in London yesterday for a halt to funding of Indonesia's controversial scheme to resettle millions of people from crowded Java to other less populated islands. Reuter writes.

The scheme aimed first at the World Bank which provides a big slice of the transmigration scheme's budget, coincided with the publication of a report on the effects of what it called the large current account deficit from the day's high of 73 cents.

from the central islands of Java, Bali and Lombok to eastern Indonesia's most prized religious island, Irian Jaya province has fuelled the conflict between separatist Malaysians there and Indonesian forces.

Canberra to order drastic cuts in spending

By Emilia Tagaza in Canberra

THE AUSTRALIAN Government said yesterday there would have to be drastic cuts in budget spending, which sent the Australian dollar tumbling down to 86.6 US cents at the end of trading from the day's high of 73 cents.

The Federal Treasurer, Mr Paul Keating, announced the Paul Keating in the light of the large current account deficit recorded in April. "As an indication of the depth of Australia's problems, our terms of trade are now the lowest since the depression years of the 1930s," he said.

He added that Australia was in danger of becoming a third-rate economy ranked among the world's banana republics. External account figures released Tuesday showed an increase of \$4.84bn (£210m) in the April current account deficit to A\$14.7bn, with the trade deficit of A\$569m being the highest since October last year.

Mr Keating blamed the deteriorating terms of trade on the falling world prices of raw commodities on which Australia is heavily reliant. He said the Government's response to that would be to cut in public spending.

He did not say how much he wanted trimmed off the 1986-87 budget but government ministers said he wanted additional cuts to the A\$1.4bn he proposed earlier this year.

Kuwait juggles foreign assets

BY RICHARD JOHNS

THE Kuwait Government is understood to have been shifting assets from its sacrosanct Reserve Fund for Future Generations (RFFG) to its State General Reserve to cover increasing budgetary deficits caused by the drop in oil prices.

Authority is as anxious as ever to maximise capital growth and the return from the state's invested reserves which in total are probably more than the equivalent of \$80bn indicated by the last officially published figure for mid-1985.

Sudanese cabinet to be named

By John Murray Brown in Khartoum

SUDAN'S new Prime Minister, Mr Sadiq al Mahdi, is expected to day to end weeks of speculation and announce his 18-member coalition Cabinet following last month's elections.

Among eight ministries to be given to Mr Sadiq's Umma Party, Dr Bashir Atwan, a university lecturer, is expected to take finance with the Prime Minister holding the key defence portfolio himself.

Umma's main coalition partner, the Democratic Unionist Party (DUP), will hold six Cabinet positions. Mr Zaki al-Hindi, the party leader, is expected to become Deputy Prime Minister and foreign minister.

Bangladesh strike call heeded

BY SAYED KAMALUDDIN IN DHAKA

SHEIKH HASINA the Bangladesh opposition leader, told a rally yesterday that a successful half-day strike and the May 7 poll verdict suggest that the people "have expressed no confidence against the Shah regime."

widespread violence perpetrated by the Government-backed Jativa Party. Jativa Party and others including Samajtantrik Dal, component of eight-party alliance, in turn accused the Awami League of similar poll rigging.

Philippine team to discuss N-plant

A Philippine team was to have left for the US yesterday for talks over an unopened nuclear power plant, according to Reuter reports from Manila.

The Nuclear Power Plant Commission chairman, Mr Rene Saguisag, said any thought of using the \$2.3bn plant was removed by the Soviet accident at Chernobyl.

Sub-Saharan Africa faces external finance shortfall

BY MICHAEL HOLMAN

SUB-SAHARAN AFRICAN countries face an annual shortfall of \$4bn to \$7bn of external financing required to support policy reforms designed to halt the continent's economic decline, according to a report published yesterday.

The report by the Washington-based Institute for International Economics, argues that extensive debt restructuring, including cancellation of interest on government loans, and easier terms on commercial bank loans, should be part of a financial package in support of agreed economic policy reforms.

sharp increase in financial flows to Africa, on highly concessional terms since few of the countries there can afford commercial interest rates." The primary lenders should be the World Bank, the African Development Bank and bilateral aid agencies, says the report. It describes the creation of a Structural Adjustment Facility by the International Monetary Fund as a "helpful step" which should provide about \$400m annually on concessional terms.

Only \$18bn of external financing seems assured, calculates the report: "Hence there is an urgent need for a

Gulf fund undiminished

BY JAMES BUXTON IN ROME

AGFUND, an aid giving organisation financed by Saudi Arabia and the Arab states of the Gulf, is not reducing its aid contributions, despite the sharp decline in the revenues of its member states, Prince Turki bin Abdul-Aziz, Agfund's president, said in Rome.

economic circumstances of the Gulf area have changed. Agfund, whose full name is the Arab Gulf Programme for the United Nations Development Organisations was set up in Riyadh in 1981 on the initiative of Prince Taal. It finances projects and programmes in developing countries implemented by UN agencies.

K-Mart (Australia) Finance Limited

9% Debentures

NOTICE OF REDEMPTION

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 1, 1976 (the "Indenture"), between K-Mart (Australia) Finance Limited, a Bermuda limited company (the "Company") and The Royal Bank and Trust Company, a New York corporation, as trustee, \$1,101,000 aggregate principal amount of the Company's 9% Debentures issued and outstanding under the Indenture (the "Debentures") will be redeemed through operation of the sinking fund provided for in the Indenture on July 1, 1986 (the "Sinking Fund Redemption Date") at 100% of such principal amount (the "Redemption Price") together with accrued interest to the Sinking Fund Redemption Date.

The serial numbers of the particular Debentures of \$1,000 denomination to be redeemed are as follows:

Table with 3 columns: Serial Number, Denomination, and Issuance Date. Lists 143 serial numbers for \$1,000 debentures.

The Redemption Price for the Debentures specified above will become due and payable and, upon presentation and surrender of such Debentures will be paid on and after the Sinking Fund Redemption Date at any of the following offices of the Company's paying agents: The Corporate Trust Operations of Morgan Guaranty Trust Company of New York on the 13th floor, 30 West Broadway, New York, N.Y. 10013, United States of America, the main offices of Morgan Guaranty Trust Company in Brussels, Belgium, Frankfurt am Main, West Germany, London, England and Paris, France, of Morgan Bank Nederland, N.V. in Amsterdam, The Netherlands, of Banque Generale du Luxembourg S.A. in Luxembourg, Luxembourg and of Union Bank of Switzerland in Zurich, Switzerland. On and after the Sinking Fund Redemption Date, interest on the Debentures to be redeemed will cease to accrue.

Coupons due on July 1, 1986 should be detached and presented for payment in the usual manner.

NOTICE TO ALL HOLDERS

Debenture holders are reminded that commencing July 1, 1986 they have the option to vote to extend or redeem the Debentures, in connection with this election, an information booklet dated January 27, 1986 was released in mid-February. A FURTHER INFORMATION LETTER IS TO BE ISSUED ON OR ABOUT MAY 19, 1986 AND WILL BE AVAILABLE AT THE OFFICES OF THE PAYING AGENTS LISTED ABOVE AND THE OFFICES OF THE STOCK TRUSTEE AND INDENTURE TRUSTEE GIVEN BELOW:

- Stock Trustee: Roy West Trust Corporation (Cayman) Limited, West Bay Road, Grand Cayman, British West Indies. Indenture Trustee: The Royal Bank & Trust Company, 68 William Street, New York, New York 10003, Attention: Corporate Trust Dept. K-Mart (Australia) Finance Ltd. By The Royal Bank and Trust Company, New York, as Indenture Trustee.

May 15, 1986

NOTICE

To Beneficial Owners of 12% Notes Due April 15, 1989 Issued By General Foods Credit Corporation and Subsequently Assumed by General Foods Capital Corporation

U.S. \$80,000,000 General Foods Capital Corporation

(Incorporated in Delaware) 12% Notes Due April 15, 1989

NOTICE IS HEREBY GIVEN that pursuant to the terms of (i) the Fiscal Agency Agreement dated as of October 15, 1984, as amended by the First Amendment to Fiscal Agency Agreement dated as of April 1, 1985 and the Second Amendment to Fiscal Agency Agreement dated as of May 7, 1985 (the "Fiscal Agency Agreement"), among General Foods Capital Corporation (the "Company"), General Foods Credit Corporation (the "Guarantor") and Morgan Guaranty Trust Company of New York, as fiscal agent (the "Fiscal Agent"), and (ii) the U.S. \$80,000,000 aggregate principal amount of 12% Notes Due April 15, 1989 issued pursuant to the Fiscal Agency Agreement (the "Securities") and guaranteed by the Guarantor pursuant to the terms of the guarantees dated May 7, 1985 (the "Guarantees"), an amendment to the Guarantees has been made stating that amendment of the Support Agreement, dated as of October 15, 1984, between General Foods Corporation ("General Foods") and the Guarantor to provide that during the term of the Support Agreement all of the outstanding voting stock of the Guarantor and General Foods (or their successors) shall be owned by Philip Morris Companies Inc. ("Philip Morris") or a wholly-owned direct or indirect subsidiary of Philip Morris, will not adversely affect the interests of the holders of the Securities.

The above-described amendment may be inspected at the corporate trust office of the Fiscal Agent, 30 West Broadway, New York, New York 10013, and at the offices of the paying agents named in the Securities.

GENERAL FOODS CAPITAL CORPORATION By: Morgan Guaranty Trust Company OF NEW YORK, Fiscal Agent

Dated: April 15, 1986

PUBLIC AUCTION

PERSIAN CARPET TRADING CO. LTD. (SINCE 1954) Prior to foreclosure, CITY MERCHANT BANKERS have suspended trading and instructed auctioneers to clear all stocks in sections until totally disposed of.

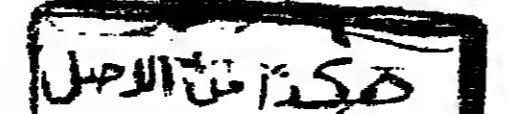
PERSIAN CARPETS & RUGS

And rugs from Central Asia, Afghanistan, Czarist Russia, Caucasus and other hand weaving centres of The East. There are many extremely valuable and rare antique urban, tribal, nomadic and also sophisticated silk carpets.

Goods will be transported from their premises to:

THE PARK LANE HOTEL, PICCADILLY, LONDON W1 FOR CONVENIENCE OF SALE ON THURSDAY 15th MAY AT 7.30PM INSPECTION FROM 5.30PM

Contacted auctioneers: A. Whalley Briscoe and Partners Ltd., 146/148 New Bond Street, London W1, 01-493 4579 Terms: cash, cheque with IO, and all major credit cards. Shipping facilities available for re-export.



Loans 'reward' Ecuador for economic policy

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ECUADOR HAS asked the New York branch of France's Banque Paribas to arrange a loan facility of about \$200m (£129.3m). The deal will be one of the first voluntary borrowing operations for a Latin American country since the debt crisis broke in 1982.

The mandate came as the US agreed to reward Ecuador's efforts at economic adjustment by extending \$150m in short-term credit to the Government of President Leon Febres Cordero to ease pressure on the country's finances caused by falling oil prices.

Mr Mark Lovoff of Banque Paribas said in New York yesterday that final details of the facility—including the precise amount—will be negotiated with the Ecuadorian authorities over the next couple of weeks.

Taken together, the two operations were described in the banking community as evidence of the so-called Baker initiative in operation. The initiative, launched by Mr James Baker, US Treasury Secretary, at last year's International Monetary Fund annual meeting in Seoul, calls for increased financial flows to debtor countries in return for growth-oriented economic adjustment policies.

The Treasury said it expects Ecuador to reach agreement shortly with the IMF on an economic programme. Because of the country's record and its needs it had, however, decided to go ahead with the loan now. This is in sharp contrast with its treatment of Mexico, which was refused emergency assistance as oil prices plunged earlier this year.

Paribas is seeking a syndicate of about 20 to 25 banks to provide the funds for its deal. The syndicate will work independently from the Lloyds Bank-led consortium of leading creditor banks of Ecuador which raised finance on a compulsory basis from all creditors in the past.

Though bankers say the response to Ecuador's needs has been encouraging—Paribas won the mandate in competition with other institutions—they add that Ecuador is still regarded as an isolated case and this deal does not imply a revival of general appetite for bank lending to Latin America.

Deaver gives up trappings of power

BY REGINALD DALE, US EDITOR IN WASHINGTON

MR MICHAEL DEAVER, long President Ronald Reagan's top image-maker, has finally decided that his own image needs serious attention—as most of political Washington has been trying to tell him for the past month or so.

Mr Deaver has let it be known that he is giving up some of the trappings of power that have helped him to become one of the capital's most highly visible and affluent public relations operatives in the year or so since he left his White House post as deputy chief of staff.

Mr Deaver told the Washington Post, which has joined other leading American newspapers in trying to make a "Deaverate" out of his activities, that he has finally turned in his White House pass, taken himself off the exclusive list

of those receiving a copy of Mr Reagan's daily schedule, and even renounced his privileged access to the White House tennis court.

The pass, which Mr Deaver says Mr Reagan personally told him he could keep, was sent back by messenger with a letter of thanks to the President. In the note, Mr Deaver said he wanted to spare Mr Reagan any "embarrassment."

The embarrassment caused by Mr Deaver's lobbying activities, however, so far seems to have affected his fellow lobbyists more than his former boss.

There has as yet been no suggestion that Mr Reagan himself has behaved improperly by keeping up personal contacts with his former adviser, who is in fact an even greater friend of First Lady Nancy Reagan.

Without his close links with the Reagan family, Mr Deaver's case would probably not have become the cause celebre that it has. His prominence, however, has served to focus the spotlight more generally on Washington lobbyists, who could do without the publicity.

It is clear that Mr Deaver has stepped extremely close to the ethical line intended to keep former public officials from abusing their government contacts. He insists that he had done nothing wrong and the technical legality of his conduct has still to be determined in Justice Department and other investigations.

What has really shocked Washington, however, are his brazen attempts to exploit his former position. Boasting of his unmatched access to the White House (a claim that he has somewhat toned down in recent weeks), he apparently set out to make the maximum amount of money while that access lasted—Mr Reagan will be out of the White House in considerably less than three years.

He was bent on cash in as fast as possible, because he felt he was a perishable commodity, one of his friends has been quoted as saying.

Adding to the controversy has been Mr Deaver's enthusiasm for signing up foreign governments as clients.

Whether Mr Deaver is technically in the right or the wrong, the issues raised, according to many people in Washington, are long overdue for examination.

As a result, moves are now under way in Congress to



Deaver: cause celebre

US praises Syrian efforts on hostages

By Our Foreign Staff

THE US Administration yesterday paid tribute to Syria for its efforts to bring about the release of the five American citizens still held hostage by Shiite militants in Lebanon.

At the same time Mr Larry Speakes, the White House spokesman, said that the US did not have "any independent or conclusive proof" of Syrian involvement in recent terrorist acts in the UK and West Germany.

In doing so, he contradicted the statement made by Vice-President George Bush at the weekend. He said: "We are convinced that their (the Syrians') fingerprints have been on terrorist acts."

The apparent contradiction undermined the political and military difficulties facing fulfilment of the US pledge to strike at sponsors of anti-American terrorism as far as Syria is concerned.

West German police have spoken of complicity by Syria's East Berlin embassy in the explosion at La Belle Discotheque on April 5, which resulted in the death of an American serviceman and the wounding of others.

Mexico protests to US over drug trafficking claims

BY DAVID GARDNER IN MEXICO CITY

MEXICO WAS yesterday due to issue a formal protest to the US against what it called "slandering accusations" of "minor functionaries" made in hearings on Tuesday at a subcommittee of the Senate foreign relations committee.

The hearings, convened by Senator Jesse Helms, the far right Republican Senator for North Carolina, centred on alleged corruption and involve-

ment in Mexico's booming drug traffic of members of the administration of President Miguel de la Madrid and the ruling Institutional Revolutionary Party's (PRI) resort to ballot rigging.

Among those providing testimony in the hearings were Elliott Abrams, the under-secretary of State for Inter-American affairs, and Mr William von Raab, Head of Customs at the

US Treasury.

Mr Abrams said the PRI's continual electoral fraud could "severely erode the PRI's ability to govern and lead to a general government crisis."

Mr von Raab claimed that the US campaign against the drugs traffic had been successful but was being impeded by the corruption of the Mexican authorities. Mexico, he said, was the chief supplier of heroin and

Coke lore revived to keep youthful image



THE \$20m (£12.9m) spent on Coca-Cola's centenary celebration was paltry compared with the \$2.03bn (£1.29bn) spent on advertising in 1985 and its \$678m income from continuing operations. But \$20m was enough for the company to boast it had mounted "the world's largest industrial show—a four-day extravaganza for 12,500 guests with 1,000 dancers, a Friday evening black-tie buffet and a Saturday morning send-off with a two-hour parade through the streets of Atlanta featuring school bands from across America."

It is no coincidence that the party for Coke employees and bottlers spilled out into the streets of Atlanta, for the celebration had a definite public aspect.

Just a year ago, the company changed its Coke formula and produced an outcry that clearly embarrassed—and then delighted—the German local bottlers who had compared bland Donald Knough with "the fellow who's been married to the same woman for 35 years and really didn't pay much attention to her until somebody started to flirt with her."

So the convention was steeped in Coke lore, including exhibits of old adverts and a reproduction of the soda fountain where the concoction was first mixed as the accidental addition of carbon dioxide to John Pemberton's elixir of kola nuts and coca leaves.

The top executives spoke in a highly choreographed morning session held in the local basketball arena. Interspersed with dancing girls, they melded past and present. The original claims for Coke as a "brain tonic and medical elixir" have been updated with two new products being successfully tested in North America: Minute Maid citrus minerals with 10 per cent real juice and extra vitamins, and Tab, fortified with calcium.

These sops to an ageing American population were barely noticed in the celebration of winning youthfulness that Coke has always the D'Arcy Back in 1904, when the Coke account, the company followed rules like: "Boys or young men should be wholesome, healthy types; not too handsome or sophisticated. If there is only one woman in an ad, she should be a brunette; the second should be a blonde."

New commercials for classic Coke, unveiled at the centenary, use an old-fashioned script for the slogan "Red, White and You." In contrast to the continuing appeal to youth in the rest of the world.

Frank Lipsius visits Atlanta for Coca-Cola's \$20m centenary celebration of the way things were

"Coffee and beer begin to exert their influence by age 15," an international executive said. "So we are going to build our franchise with consumers before they reach that age."

Though 60 per cent of the company's income comes from abroad, the bottlers (who paid their own way to Atlanta) were reminded that American accounts for half the world's soft-drink consumption with only five per cent of its population. Company chairman Mr Roberto Goetzula, for whom the celebration was an endorsement of a business-like six-year tenure, said the overriding objective was to increase per capita consumption abroad.

Foreign bottlers were told how much the company gains business and flavours to their taste demanded orange Fanta with more colour and Coke provided centralised bookkeeping and billing to help the 85 bottlers' small franchise territories.

In Italy, the company has pushed Coke fountain sales in coffee shops and positioned Sprite as a nearly colourless citrus drink.

In Japan, Coke has over a 90 per cent share of cola sales, over 70 per cent of other flavours and has had an astonishing hit with Georgia Coffee, which comes out of vending machines either hot or cold and has been growing 30 per cent a year since its introduction in 1978.

Coke executives are convinced that the world can catch up on annual US sales of \$3.2bn cases. They drool over the Chinese market, where only one bottle per capita would sell 40m cases a year. But the goal is probably a long way off, considering that the company has only just chosen a Chinese name, meaning "May the mouth rejoice," to replace the former phonetic one that translated as "Bite the wax tadpole."

Executives also revealed that Coke has finally broken into the Soviet market since the expiration in December of a 10-year Pepsi exclusive.

International head Mr Claus Halle noted Coke's usefulness to the Kremlin's anti-alcoholism crusade. "We've only just begun," he claimed, "but we are definitely establishing our own red trademark in the USSR."

SEIKO EPSON CORP.: Merging Success

Since the late 1960s, Epson has produced a long line of quality printers for the computer industry. The name Epson has become a synonym for compatibility since an Epson has a wider range than other printers. This company merged with its parent company, Suwa Seikosha Co., Ltd., last fall and the new Seiko Epson's product line now encompasses computers, computer peripherals, watches, CMOS LSIs, assembly robots, spectacle lenses and various other consumer products.

Seiko Epson's workforce of 7,000 employees creates an annual sales turnover of ¥300 billion in Japan while maintaining a worldwide subsidiary network. This new company is now faced with the task of creating a new corporate culture to symbolise its first business year. In the Japanese language, seiko means both "delicate" and "success"—a meaningful merging of words.



Mr. Ichiro Hattori President Seiko Epson Corporation

Davis: Could you explain which companies were merged last year to form Seiko Epson and why?

Hattori: Seiko Epson Corporation was born on November 1, 1985, when Suwa Seikosha Co., Ltd. merged with Epson Corporation. As you know, electronic quartz watches were pioneered by Suwa Seiko and Epson Corporation. As a subsidiary of Suwa Seiko, Epson began specialising in electronic printers for calculators and then diversified into computer printers. The name "Epson" was actually created from the abbreviation, E.P., meaning electronic printer. We had a hard time at first since there was no visible market for printers, only for printers from pocket calculators.

Suwa Seiko later became involved in the development of personal computers. These computers were partially developed and manufactured by Suwa Seiko and Epson, but marketed by the latter. And as the two companies became more and more involved with the computer business, it became apparent that merger would be advantageous for both.

As you know, the Seiko group has three manufacturing companies: Seikosha Co., Ltd., Seiko Instruments & Electronics, Ltd., and Seiko Epson Corporation. Total sales for fiscal year 1984 were ¥85 billion, ¥230 billion and ¥300 billion respectively. A full 60 per cent of their total sales were in computer-related fields.

Operating Joint Ventures

Davis: What joint ventures do you operate with foreign companies?

Hattori: Well, Seiko Epson operated in the soft contact lens field with Syntex. But that particular division of Syntex was recently separated and sold to another company. We also own a considerable share of an American semiconductor company in Silicon Valley called Micro-power Systems, Inc., but this is not considered a joint venture.

Seiko Instruments & Electronics, of which I am also president, has a very interesting joint venture with the French company S2M, from which we purchase magnetic bearing technology. We had already been working on this technology, used mostly in vacuum pumps, but found that we could skip a few stages by buying theirs. In addition, we are maintaining a close relationship for software technology

transfer with McDonnell Douglas of the United States.

Davis: Did last year's recession in the semiconductor market cause any headaches?

Hattori: We were expecting an income of ¥33 billion from this sector but that dropped to ¥30 billion due to the decline of the semiconductor market caused by sluggish computer sales. The rapid appreciation of the yen from 240 to 180 to the American dollar expedited this decrease in income.

In other words, our high growth period had to come to an end in overseas markets as we were forced to raise export prices. The big computer shakeout, predicted for many years, is now upon us and we have no choice except to come up with some new products.

Davis: What sort of new products do you have in mind?

Hattori: In the Japanese market, we have recently introduced two types of new dedicated word processors, one with a built-in floppy disk drive and another which reads credit-card sized memory cards. In addition, we will also be introducing a whole new line of "intelligent typewriters" in the American market which feature built-in printers that work with plain paper. Intelligent typewriters will be priced at under \$500. We also sell two desktop models abroad called the "EPSON PC" and "EPSON PC+" which are fully IBM compatible. Seiko Epson is the second largest IBM plug-compatible maker after COMPAQ.

Davis: Epson has become one of the leaders in the LCD market. What ever happened to your products in this sector?

Hattori: We pioneered the pocket colour TV market a few years ago. The market for liquid crystal is very small so far. We still need to break through some technological problems in order to strengthen our position in this promising market. There are too many competitors and prices must be stabilised in order for this market to grow. I think that the market situation will turn around in another year or so, however. It is still a matter of cost in LCD production since the yield rate is so low and the failure rate so high.

Forming New Culture

Davis: You have just started a new joint company that will have to be regrouped under one corporate culture. What will that be?

Hattori: The first thing we have to consider is increasing public awareness of the Epson name. Our IBM compatible computers sell well in the American market, but lap models are preferred by the European consumer. The markets of Europe are definitely different from the American market. It is interesting to note that the result of the election in France has changed the trade climate quite a bit [for the better].

In terms of public relations activities, we sponsor a lot of sporting events such as golf tournaments. For example, we are sponsoring the "Epson Grand Prix of Europe."

Davis: How much does your company spend annually on R & D? How about the new company?

Hattori: We spend about 6-8 per cent of

total sales on R & D, mostly in computer-related research. We employ a total of 1,000 researchers and some are involved in R & D related to manufacturing. Robots are very helpful since they allow a more flexible tooling system.

Davis: What sort of future-oriented products does your company intend to bring out?

New Niches

Hattori: Of course, watches have been the centrepiece of the Seiko Group's production, but Seiko Epson will concentrate on developing new niches in the computer market. Coming back to the portable computer market, for the moment it is still small because prices are still too high for the product's performance. Sometimes a portable computer is more expensive than a desktop computer. No consumer wants to pay more money for a product that has fewer functions. Technological breakthroughs would allow us to offer a portable computer at about the same price as a typewriter. We could then expand the market.

In the printer sector, ink-jet and laser printers are already on the market. We will introduce the former this year, and the latter next year. Their prices will be set at reasonable levels.

Davis: I would like to ask what you think the proper role for a Japanese president is in his firm.

Hattori: He should be a promoter of ideas above all. I have three mottoes. First, you should be one step ahead, but not too many or everything won't be realistic. Second, like all Japanese presidents, I would insist on good communications. Third, you have to build a company that all employees can be proud of. These are the fundamentals.

Davis: Do you have any particular philosophy to adhere to?

Hattori: Well, this move away from the watch business certainly lends a feeling of newfound independence for us as a company. Previously, it was not uncommon for our workers to think of themselves as "factory people" since they were involved only in watch production. My personal philosophy is to shift from Mt. Fuji to Mt. Yatsugatake [the former has only one peak while the latter has eight]. In other words, we have to diversify and not depend on only one line of products. We have to be innovative from within and not depend on other sources when building a new foundation.

ADVERTISEMENT

INSIGHT INTO CORPORATE STRATEGY

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WORLD TRADE NEWS

UK to sign investment deals with China

BRITAIN hopes to strengthen its commercial foothold in the promising but unpredictable Chinese market with two agreements to be signed today, writes Christian Tyler, Trade Editor.

The two agreements are due to be signed today in London by Sir Geoffrey Howe, Foreign Secretary, and Zheng Tian, China's Minister of Foreign Economic Relations and Trade.

They are a coal-fired power station at Yueyang in Hunan province for which Balfour Beatty and Northern Energy are bidding; a steel tube mill at Daye, Hubei province, in which Davy McKee and Bedford Tubes are up against

strong international competition; modernisation of a tractor factory at Luoyang, Henan, where Lucas CAV is the bidder; and a telecommunications project for the Shanghai area for which SIT has outlined an agreement.

The money may also be spent on feasibility studies by Davy McKee for the Ningbo steelworks in Zhejiang, by Wimpey and its French partner Pechiney for an aluminium plant at Pingao, Guanzil. British Shipbuilders and for Westland Helicopters, the British company in which Sikorsky of the US and Fiat of Italy now have a substantial minority shareholding.

A tale of two Chinese cities

Robert Thomson reports on the contrasting fortunes of two areas in Zhejiang earmarked for foreign investment

THE PROBLEMS and the potential of China's open coastal cities are no better illustrated than in Zhejiang province, just to the south of Shanghai, where the development of one open city, Ningbo, is being pushed ahead by central funding, while the other, Wenzhou, has been left to fend for itself.

The tale of the two cities is relevant to all 14 of the open cities, some of which have been given priority in the allocation of development funds. In others, however, development has slowed, though they retain their power to approve foreign investments.

A vice-governor of Zhejiang, Li Dehao, confirmed that development funds had stopped flowing into Wenzhou, and that Ningbo is one of the cities "which have better conditions" and "will be allowed to develop faster."

Businessmen have complained that Wenzhou is at least eight hours drive from the nearest airport, and does not have the infrastructure needed to support foreign investment.

Zhejiang officials explained that the tightening of central government control over investment in the past year has meant that even Ningbo projects must be approved by the relevant ministry in Peking.

Ningbo is fortunate in having the Hong Kong shipping magnate, Sir Yue-Kong Pao, a native of the city, as a patron. He has been helping find foreign partners for one of the larger planned projects, a steel mill with an annual output of 3m tonnes.

Diplomats believe the project will be lucky to get off the ground, even with the magnate's assistance.

Most of the investments in Ningbo have been from overseas Chinese and directed towards small and medium-sized industries, such as food processing, leather goods, beer and artificial leather.

Ningbo, too, is hindered by communications problems. Although it is not as isolated as Wenzhou, it has inadequate road and rail links.

Part of Ningbo's attraction is the nearby port at Beilun, which has the country's most modern iron ore handling facility and can take vessels of 100,000 tonnes.

Most of China's ports were badly congested last year but Beilun, which is expected to be linked to the Shanghai rail line in June, moved only 15m tonnes of cargo. It has a capacity for 30m tonnes.

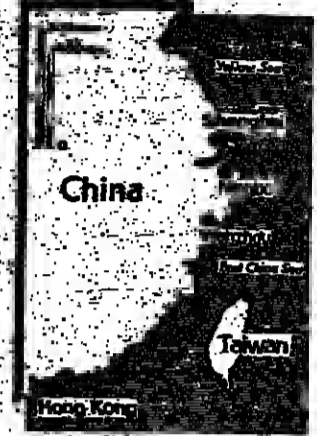
The long-delayed Baoshan steel plant near Shanghai is apparently partly to blame for the under-utilisation. Large iron ore carriers from Australia and Brazil transfer their cargoes to smaller vessels at Beilun.

Even though development is continuing at Ningbo, the city was not among the four listed for priority treatment last September by the state councillor, Gu Mu, who has been instrumental in developing the open

city policy. The four were: Shanghai, Tianjin, Dalian and Canton.

Gu said that tighter controls over hard currency and bank credits had led to some open cities "encountering difficulties". Signing of contracts would slow down.

The government has stressed, however, that those cities will not be closed and provincial officials make clear that Ningbo has since been added to the list of four priority cities.



China. The four cities: Shanghai, Tianjin, Dalian and Canton.

General Accident

THREE-MONTHS' RESULTS

The results for the three months ended 31st March 1986, estimated and unaudited, are compared below with those for the similar period in 1985, which are restated at 31st December 1985 rates of exchange; also shown are the actual results for the full year 1985.

It must be emphasised that the results for an interim period do not usually provide a reliable indication of those for the full year.

Table with columns for 3 Months to 31.3.86 (Estimate), 3 Months to 31.3.85 Actual, and 1985 Year Actual. Rows include Premium Income, Investment Income, Profit before Taxation, etc.

ANALYSIS BY TERRITORY OF GENERAL BUSINESS PREMIUM INCOME AND UNDERWRITING RESULT

Table with columns for 3 months to 31.3.86 (Estimate) and 3 months to 31.3.85 Actual. Rows include U.K., U.S.A., EEC other than UK, Canada, Australia, etc.

Net written premiums and investment income increased in sterling terms by 22.9% and 15.1% respectively. The 1986 figures include the results of Pilot Insurance of Canada for the first time.

In the United Kingdom, net written premiums were £169.5m (1985 £133.3m) and there was an underwriting loss of £27.0m (1985 £30.9m loss).

In the United States, net written premiums were \$277.1m (1985 \$340.3m) and the operating ratio was 113.97% as compared with 119.75% for the same period in 1985.

Elsewhere there were aggregate underwriting losses of £10.5m (1985 £14.7m loss). Results in Canada, Australia and most other territories show welcome improvement or 1985 experience but France and Netherlands were disappointing.

New annual premiums for life business in the United Kingdom for the three months were £5.8m (1985 £5.9m) and single premiums \$5.1m (1985 \$31.0m).

General Accident Fire & Life Assurance Corporation plc

World Headquarters: Pitheavlis, Perth, Scotland PH2 0NH.

NOTICE

To Beneficial Owners of 11 1/2% Notes Due April 30, 1990 Issued By General Foods Capital Corporation and Guaranteed by General Foods Credit Corporation

U.S. \$75,000,000

General Foods Capital Corporation

(Incorporated in Delaware) 11 1/2% Notes Due April 30, 1990

NOTICE IS HEREBY GIVEN that pursuant to the terms of (i) the Fiscal Agency Agreement dated as of April 30, 1985 (the "Fiscal Agency Agreement")... and (ii) the U.S. \$75,000,000 aggregate principal amount of 11 1/2% Notes Due April 30, 1990 issued pursuant to the Fiscal Agency Agreement...

GENERAL FOODS CAPITAL CORPORATION By: Morgan Guaranty Trust Company OF NEW YORK, Fiscal Agent

Dated: April 15, 1986

Hyundai trebles car exports

By Steven B. Butler in Seoul

HYUNDAI Motor Company of South Korea has trebled its car exports during the first four months of the year compared to the corresponding period of 1985.

The company exported 86,826 vehicles until the end of April, against 27,247 last year. Much of the increase is accounted for by the shipment of 47,000 subcompact Pony Excels to the US where sales began in mid-February.

Hyundai hopes to export 200,000 vehicles this year, of which half will go to the US market.

Hyundai improved its international reputation last year when it became the top car importer in Britain, beating aside Honda and Toyota. It sold nearly 80,000 cars in Canada last year and dominated the lower end of the market.

Hyundai is the first Korean car maker to begin volume vehicle exports and is marketing its cars in North America through a network of independent dealers.

By next year it will be joined by two other Korean car makers, Daewoo Motors and Kia Motors. Daewoo is a 50-50 joint venture with General Motors, and GM will market the cars as Pontiac Le Mans.

Nissan Iberica signs tractor deal with Kubota

By Hazel Duffy

NISSAN Motor Iberica of Spain has signed an agreement with Kubota, the Japanese tractor manufacturer, to build tractors in Spain.

The agreement signed this week will give the Japanese tractor maker its first manufacturing foothold in the EEC. The deal provides for a new company to be set up, although the split between the participants has yet to be agreed.

The company will build 80 horsepower tractors at a new plant near Madrid. It will use advanced production methods and employ 500 people. A Japanese engine is likely to be used in place of the Perkins engine which powers the small tractor now made by Motor Iberica.

The Spanish company, which is 80 per cent owned by Nissan, will continue to build tractors in the 80 to 120 horsepower range based on Massey-Ferguson designs, which are marketed under the name of Ebro.

Nissan does not build tractors, which is the reason for Motor Iberica turning to Kubota. Japanese strength in the tractor industry, where there is substantial over-capacity worldwide, is traditionally in small tractors, of 50 to 60 per cent in vans and four-wheel-drive vehicles.

Mr Juan Echeverría, president of Motor Iberica, told a management conference in Barcelona that the company, which also makes commercial vehicles, has been given four years to achieve profitability.

Fiat looks for way out of Libyan dilemma

BY ALAN FRIEDMAN IN MILAN

FIAT, Italy's private-sector group, was last night maintaining a rigid "no comment" after Mr Caspar Weinberger, the US Defence Secretary, intervened personally to block a \$7.8m contract awarded by the Pentagon to the Fiat-Allis earth-moving equipment subsidiary.

Mr Weinberger's opposition to the Fiat subsidiary's tractor concept is based on the Reagan Administration's policy of not doing business with any companies it believed to be substantially owned by Libya.

Fiat is 15 per cent owned by the Libyan Arab Foreign Investment Company (Lafico), and two Libyan representatives sit on the Fiat board. Fiat has said repeatedly that the Libyans do not interfere in the

running of the company. Mr Weinberger's office, however, said yesterday that it was "concerned that no profits resulting from a Department of Defence contract are paid to Libya."

The personal opposition of the American Defence Secretary comes less than 24 hours after the approval of a resolution in the US House of Representatives urging the Pentagon to defer awarding the contract for 178 crawler tractors to Fiat-Allis.

Fiat has become increasingly worried in recent weeks that it will be unable to obtain a variety of important US contracts, especially those related to the Strategic Defence Initiative or Star Wars programme because of its Libyan shareholding.

The last time Libya's presence in Fiat emerged as an issue was in the UK during the Westland affair when Fiat and British Technology succeeded with their rescue bid for the Westland. It is believed that one of the reasons why Fiat has been keen to develop close ties to United Technologies has been its aspirations to become a major US defence contractor.

The mounting concern at Fiat has become clear in the past fortnight as first Mr Cesare Romiti, managing director, and then Mr Gianni Agnelli, chairman, have gone well out of their way to say in public that they wish to buy out the Libyans.

In Turin, Fiat said the matter of the Pentagon contract was "too delicate" for comment. But stockbrokers close to Fiat have confirmed recently that the Italian company is working behind the scenes to find a way of rid itself of the Libyan connection. Unfortunately the Libyans have shown no interest in selling their shares in Fiat, which have nearly quadrupled in value on the Milan bourse in little over a year.

It is understood that the contingency plans now being prepared in Turin could call for a purchase of the Libyan equity stake by IFI, the Agnelli family holding vehicle which already owns 31.3 per cent of Fiat.

France removes tax on VCRs

BY PAUL BETTS IN PARIS

THE FRENCH Government announced yesterday it will remove the annual licence fee on video cassette recorders (VCR) in a move to help boost the domestic cassette market.

The tax was part of a package of trade protectionist measures adopted three years ago but subsequently phased out to halt what the then Socialist Government viewed as a "Japanese invasion" of the

consumer electronics market. The climax of the French protectionist measures came with the celebrated battle of Poitiers when the Government forced all VCR imports to pass through the central French city for customs clearance.

The combination of Poitiers and the annual tax VCR owners have had to pay has acted as an obstacle to the development and growth of VCR sales in France.

The lifting of the tax, which was about the same as the annual licence fee for colour television sets of FF 600 (€54.50) a set, reflects the new right-wing government's efforts to speed up broadcasting deregulation in France and encourage the development of a wide range of television products and services.

Arianespace in Japanese deal

THIS European space consortium Arianespace has announced that the Japan Communications Satellite Company (JCS) will use its system to launch a satellite in February 1988. Reuters reports from Tokyo. JCS had initially planned to use the US National Aeronautics and Space Administration (NASA) to launch the satellite, but had to reconsider after the loss of the space shuttle in January.

Unilever advertisement featuring a large 'U' logo, a form to request reports (Annual Report & Salient figures 1985, Annual Accounts 1985), and contact information for External Affairs Department, Unilever PLC, P.O. Box 68, Unilever House, London EC4P 4BQ.

سكنا من الاصل

Nimrod 'biggest problem' for defence budget

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE POSSIBLE need to finance an alternative to the controversial Nimrod airborne early-warning system was the single biggest problem facing the defence budget over the next two or three years, Mr George Younger, the Defence Secretary, told the House of Commons defence committee yesterday.

Mr Younger indicated that another major difficulty would be the need to find additional money to meet new wage awards for the armed services. He also implied, without giving any details, that the promised programme of building three frigates a year could be delayed.

The Defence Secretary was giving evidence to the all-party committee on last Monday's statement on the defence estimates. He acknowledged that, as a matter of government policy, the sums allocated to defence over the next three years would decline in real terms by some 6.5 per cent although, if spending on the Falklands was excluded, this would drop to about 4.5 per cent or "roughly 1.3 per cent a year."

He repeated that he did not believe that a defence review, in

which specific defence commitments or key programmes would be cut, was necessary to meet the gap between the demands of the budget and the available resources.

The Defence Secretary acknowledged for the first time that there was no provision in the defence budget for alternatives to the increasingly costly Nimrod early-warning aircraft whose complex radar system, being developed by GEC Avionics, has failed to perform to the RAF's satisfaction.

Estimates for completing Nimrod or for buying alternative systems from the US vary from £400m to £1bn. The Government is believed to have provided only for some £200m over the next two years.

Mr Younger said that the extra cost of wages for the armed services to the defence budget last year had been £129m, following a 7 per cent wage award. It is understood that a similar award this year would add £150m.

MPs failed to persuade Mr Younger to say precisely where programme cuts or delays might fall as the Government strove to keep within the declining defence budgets.

Andrew Fisher explains why state-owned BS is to make 3,500 workers redundant

Merchant shipyards torpedoed by lack of orders

BRITAIN'S merchant shipyards have almost given up the ghost. In spite of strenuous efforts to win new business, the worldwide crisis has proved too much.

Yesterday's announcement of 3,500 more redundancies in an industry which has already shrunk to about 8,000 people came as a bitter blow to yard workers in Scotland, England's north-east and Devon in the south-west, even though the management had prepared them for the worst.

State-owned British Shipbuilders has been struggling ever since the industry was nationalised in 1977. Then, the merchant yards employed about 34,000 people. Three years ago, there were 22,000 not counting the mostly profitable warship yards which have now been privatised.

Under its previous chairman, Mr Graham Day, the state-owned vehicles group, BS achieved high productivity and last year won some large orders. His successor, Mr Philip Hares, has had to face a much bleaker picture.

BS is negotiating on several contracts but none has been concluded in time to prevent further heavy job losses. As ships on order near completion, follow-up work is crucial to keep yards busy. Without more orders, yards will run out of work at about the turn of the year.

Unions reacted furiously to the

news of job losses, calling on the Government to step in and save the industry from ultimate closure. Yet the problem is a worldwide one, with even the huge Japanese and South Korean yards finding orders hard to obtain.

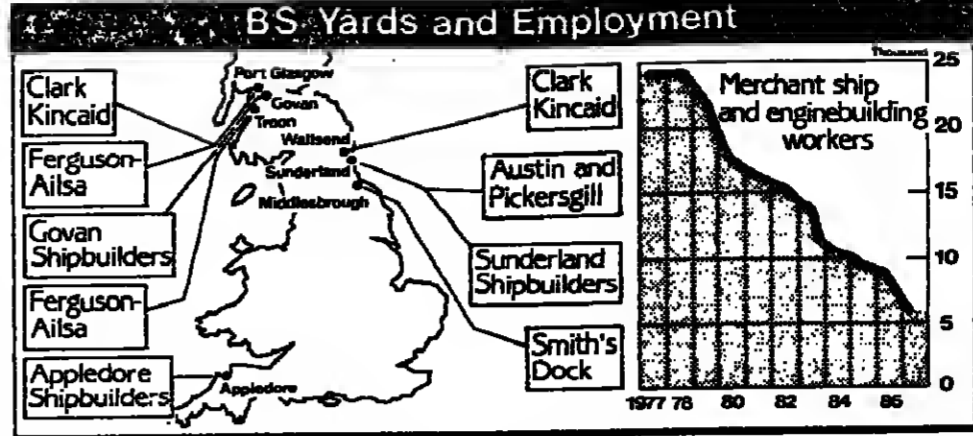
BS is closing three facilities altogether and cutting the labour force at six others. By the end of the year, Smith's Dock in Middlesbrough, in north-east England, now employing nearly 1,400 people, will no longer build merchant vessels.

The yard, though not one of BS's most modern, had built up a reputation as a successful and efficient shipbuilder. But BS has decided that it now needs only three big yards, Sunderland Shipbuilders and Austin & Pickersgill on the Wear, north-east England, and Govan on the Clyde, Scotland.

It will also have two small yards, Appledore in Devon and the Port Glasgow yard of Ferguson-Ailsa on the Clyde. The latter's Troon yard on the west coast of Scotland is to close. BS last closed yards two years ago, though there have been large-scale job losses since then.

Henry Robb at Leth in Scotland, Goole Shipbuilders on Humberside and Clelands on the Tyne were the last yards to close. They were small yards which had run out of work.

Mr Paul Channon, Trade and Industry Secretary, denied that the UK merchant industry was on the



brink of closure. He said in the House of Commons yesterday: "Orders are simply not there to be won." He noted that other European countries such as Sweden had also had to decide on yard closures.

In its last financial year to March 31, 1985, BS achieved only a tenth of its order target of 200,000 rompenated gross tonnes, a measurement that takes account of both the size and work content of vessels.

The Govan yard hopes to win orders for container ships from China. It will complete early next year its £40m North Sea ferry for Peninsula and Oriental Steam Navigation (P&O). Sunderland Shipbuild-

ers has built one sophisticated offshore vessel for Stena of Sweden and will finish a second at the turn of the year.

The maritime environment against which yards have to exist is the fiercest the industry has seen. In the past year, such leading shipping names as Sanko of Japan and C. H. Tung of Hong Kong were forced by the size of their debts and the lack of adequate earnings to turn to their banks for rescue.

World shipowners, bullish in the past about cargo prospects, ordered too many ships for present demand. Freight rates have slumped and companies have come under in-

creasing financial pressures as the recession has continued.

In a bitter comment on the state of British shipbuilding, the Trades Union Congress (TUC) said the Government's obsessions with privatisation and public sector borrowing "have driven yet another nail into the coffin of British industry."

It called the redundancies and closures, which also affect the Wallsend (Tyne) plant of engine-builder Clark Kincaid, though not its Port Glasgow operation, a tragic blow for the workforces and communities.

"The Government should be backing this vital industry in the

way our competitors do, not destroying it," the TUC said.

In continental Europe, however, governments are trying to meet the same difficulties faced by BS. In West Germany, heavy capacity cuts and closures have occurred. Other EEC countries have followed suit.

Further reductions are planned in Japan and even the South Korean Government regards shipbuilding as a sector with too many problems and less of a future than high-technology industries.

Not affected by the latest BS cuts is Harland and Wolff of Belfast, the yard is also state-owned but not part of BS. It, too, has been shedding labour and boosting productivity. Its workforce of about 3,000 people will be similar to that of BS after the latter's job losses.

Since the mid-1970s, EEC shipyards, subsidised to cut the cost gap with the Far East, have lost about 60 per cent of their labour, a drop from 206,000 to 90,000 people. New ship prices have fallen sharply in recent years and world order books are a quarter of their early-1970s peak.

It is a far cry from the days when Europe was among the leaders in shipbuilding. Sweden was the second largest shipbuilding country in the early 1970s. Back in the 1950s, the UK still had a 20 per cent share of the world market. Today, its share is minimal.

BCal prepares to clip its wings

BY LYNTON McLAN

IT IS beginning to look as if the end of an era of growth and a dilution of ambition is in sight for British Caledonian Airways (BCal), Britain's biggest independent airline.

It is to make a statement of its future plans this morning in the wake of competitive and other pressures in the civil aviation market and the continuing speculation that BCal and the International Leisure Group (ILG), whose interests include the Intasun holidays business, may form close business links.

The airline, like its competitors has been hit by excess capacity on the north Atlantic and by the decline in the number of US visitors to Europe in the face of terrorist threats.

BCal faces fierce competition on all its US routes. Three of these, from Gatwick to Houston, Atlanta and Dallas, end in the main bases or hubs of three of the most powerful US airlines, respectively Continental, Delta and American.

These airlines are able to feed passengers from across the US to connect with their own transatlantic flights to Gatwick. BCal has no US hub network to feed its lonely flight back to Gatwick. At one time, Houston was a powerful money-spinner for BCal, where it had the route and the oil industry-related traffic to itself for a while. All that has changed.

In the Middle East BCal has licences to serve Tunis, Tripoli, Riyadh, Dhahran, Jeddah and Dubai. The Libyan service was suspended after the US bombing. The Saudi Arabian services have been hit by the decline in oil activity in the Kingdom and by a Saudi law which requires passengers travelling for work on Saudi government-financed contracts to use the national airline, Saudia.

Behind the catalogue of difficulties facing BCal on its existing routes and with its existing plans, lies a tale of frustrated ambition. This goes back as far as 1970 when the present British Caledonian Airways was formed. BCal has long been the David to the Goliath of British Airways, always ready with a loaded sling, but never, seemingly, able to equate in size and air routes with BA.

The plans are the outcome of a boardroom debate. There were disagreements over the nature and extent of talks with ILG. A "balanced view," was eventually taken and the scope of the talks has been widened by agreement among the directors, Mr David Colman, the BCal managing director, said yesterday.

There were no boardroom casualties, but differences of style and ultimate objectives between senior directors could leave in question the future of some older established members, perhaps those who feel that the days of BCal as a fully-independent, private airline are not yet numbered.

In prospect in today's statement is retrenchment of airline operations, with possible slippage in deliveries of new aircraft investment and large-scale redundancies in response to tough competitive conditions in the airline market and problems in specific markets served by BCal.

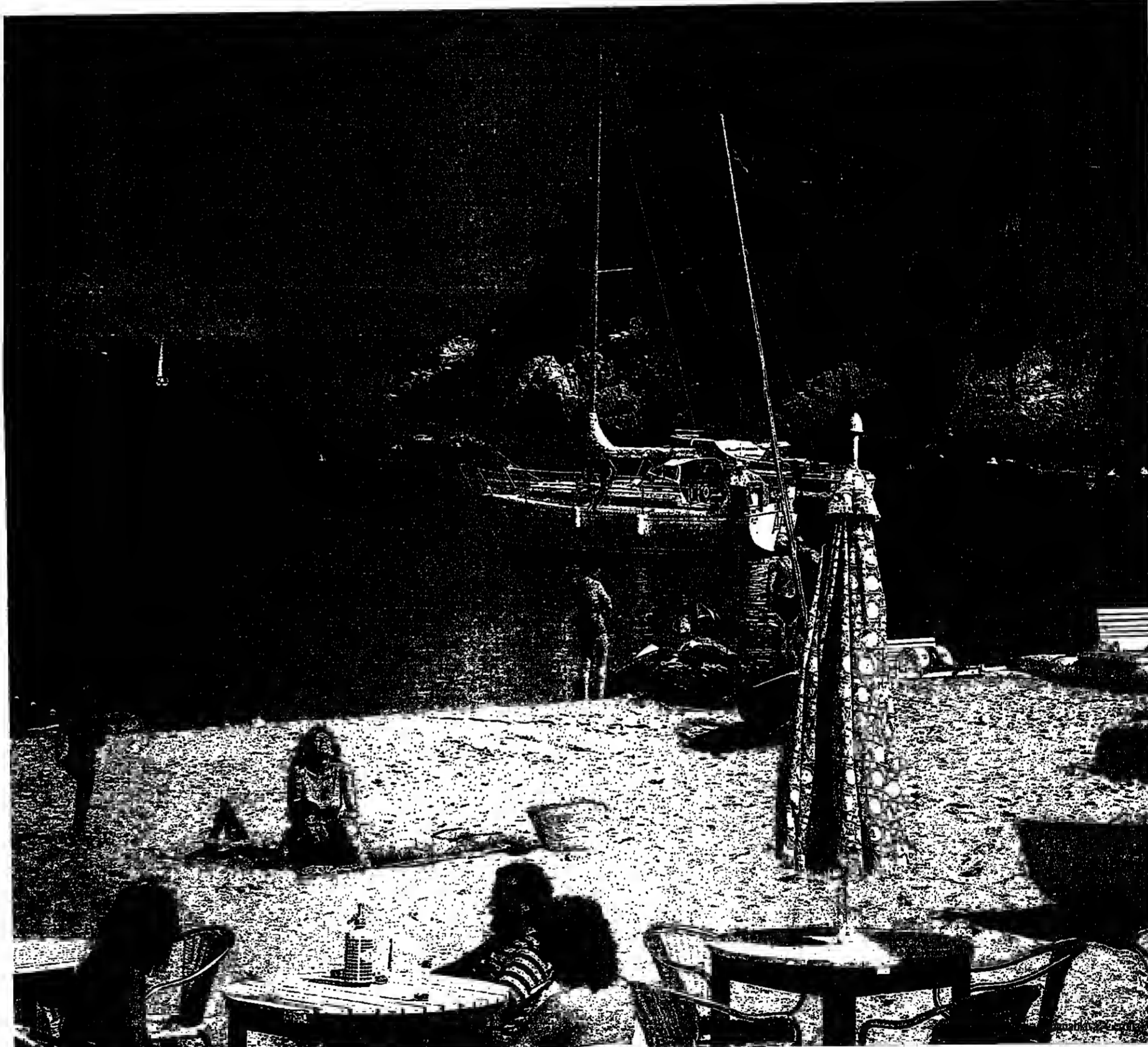
More fundamentally, the airline is likely to acknowledge that its long-standing ambitions to compete on more equal terms with state-owned British Airways (BA), by a major transfer of routes, have been shelved for the foreseeable future because of Government support for BA ahead of its eventual privatisation.

Many of BCal's air routes are losing money. Up to now, BCal had been able to rely on a small handful of routes such as some of the transatlantic ones and routes to West Africa that made regular profits. But even profits on these are now under threat.

"It is not a happy picture on the Atlantic and on routes to the Middle East," Mr Colman said. These routes account for 61 per cent of BCal's airline activity, but "a large majority of routes are not performing as well as we budgeted."

BCal never had any delusions about trying to eliminate BA. Instead it wanted to expand by acquiring BA routes and so make the competition between the two airlines slightly fairer.

The inequality and the struggle to remain viable as Britain's second airline in world markets appear to have taken their toll.



Two hours and a million miles away.

This is a picture of a playa. And a playa is something quite different from a mere beach.

For instance, any old beach can offer you sand. But the playas — the beaches of Spain — have perhaps the cleanest sand there is. It's cleaned every night.

Life on our clean sand is different, too. After a long, luxurious morning in the sun, you can have lunch at one of the tiny restaurants near the ocean, with an icy pitcher of sangria. And then — after all your hard work — take a well-earned

siesta right on your deck chair, under your striped umbrella. It's quiet enough. Spaniards are soft-spoken, and radios are almost unheard of.

Another difference. In Spain, the night life doesn't quit until the sun comes up. And besides our restaurants and clubs we have some unique casinos. Try the one in the ancient Castle of Perelada. It's rather startlingly beautiful.

Nature did so much for this land. And we make it our business to cooperate with her fully.



Spain. Everything under the sun.

A BERRY, A SEED AND A ROOT STEEPED IN HISTORY

Juniper berries from Northern Italy, coriander seeds from England and angelica root from Flanders. These are what impart such delicate characteristics to Beefeater gin.

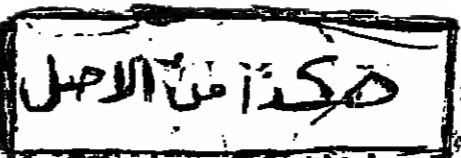
Macerated in pure grain alcohol and then distilled in accordance with the original recipe of James Burrough, the company's founder.

We haven't changed a thing. Not in 170 years.

We're a company steeped in history. We like it that way.

And every time you taste our London Dry Gin, with its fleeting essence of juniper, coriander and angelica — you'll like it that way too.





UK NEWS

Hugh Carney measures the political progress - or lack of it - made in the six months since the London-Dublin agreement was signed
Anglo-Irish accord faces test of Ulster Unionists' marching season

NEVER ones to miss an anniversary of commemoration, thousands of Ulster Unionists will be on the march again tonight in Hillsborough, County Down, to mark the signing there six months ago today of the Anglo-Irish agreement which they despise.
The accord affirmed the place of Northern Ireland within the UK, as long as the majority so wished, but gave Dublin a formal say in the province for the first time with officials from the republic based in Belfast.
Six months on, a Unionist campaign to bring down the agreement

has seen considerable violence but failed to dislodge it. On the other hand, there have been expressions of impatience from nationalist politicians, notably Mr Seamus Mallon, deputy leader of the Social Democratic and Labour Party, that the pact has not made faster progress in redressing Roman Catholic grievances.
From the start, the Protestant community regarded the agreement as interference by a foreign state and the first step towards a united Ireland. But their efforts to destroy it have, in the words of Mr James Moynihan, leader of the Official Unionist Party (OUP), reached stalemate.
Public unity between the OUP and the Rev Ian Paisley's Democratic Unionist Party (DUP) persists. But the politicians have failed even to carry out their own threats of action and under the surface are divided.
They won the backing they sought in January by-elections precipitated by themselves, but embarrassingly lost Newry and Armagh to Mr Mallon.
In February, Mr Moynihan and Mr Paisley accepted talks with Mrs Margaret Thatcher, the UK Prime

Minister, then abruptly pulled out when hardliners at home furiously rebuked them. More talks with government officials petered out last week as London refused to meet the Unionist demand for a temporary suspension of the accord.
The breakdown coincided with growing evidence of splits within the Unionist camp over whether to pursue full integration within the UK, as favoured by Mr Enoch Powell and other prominent OUP leaders such as Mr Robert McCartney, or devolution, which the DUP wants.
Promised moves to boycott parliament and to make the province ungovernable have amounted to little. Instead, street protests such as a one-day strike on March 3 and an Apprentice Boys march in Portadown on March 31 have sparked serious violence in which loyalists attacked the mainly Protestant Royal Ulster Constabulary as never before and launched sectarian attacks on Catholics.
The agreement is still in place. But with the Unionist politicians effectively withdrawing from the scene for the summer, both governments know that a hard test is likely at street level during July and August when hundreds of traditional Protestant parades are held.
Leaders of paramilitary groups such as the Ulster Defence Association and newer organisations like the fundamentalist Ulster clubs regard the "marching season" as the time to use their muscle. Co-ordinated leadership of these hardliners, such as emerged to bring down the Sunningdale power-sharing agreement in 1974, has not coalesced yet and may not do so, but they are encouraged by the instability they caused during March and April.
The intergovernmental conference set up under the accord, among other things to consider measures to reduce nationalist alienation, has met five times. So far, it has produced little.
The Irish side has been pressing for changes in the non-jury "Diplock courts" and an end to "suicide" trials - the trials based on informers' evidence under which only Catholics remain in jail. Another nationalist demand is for reforms of the predominantly Protestant Ulster Defence Regiment, particularly that all its patrols which come into contact with the public should be accompanied by police to guard against maltreatment.
While these subjects are being discussed by the conference, concrete results have yet to emerge. Likewise, a promise that a code of conduct for the RUC would be introduced "as soon as possible in 1986" and advances would be made on extending the Irish language and allowing freer public display of nationalist insignia, have not been forthcoming.
Both Governments say these things take time, but the risk is that the conference will gain a reputation among nationalists as being no more than a talking shop.

Leyland truck range aims at Third World

BY JOHN GRIFFITHS
LEYLAND TRUCKS has spent nearly \$2m to develop a new range of trucks aimed specifically at cash-short and cost-conscious Third World export markets.
The Leyland Comet and Super Comet ranges, in gross weights from 9 to 24 tonnes, will replace eventually six current Leyland export models: the Landmaster, Terrier, Chieftain, Reiver and Clydesdale.
A key element of the new trucks' design is simplicity, to allow them to be shipped either built-up, or as kits capable of being assembled using even rudimentary facilities in developing countries.
The company has invested \$900,000 in a separate production facility for the trucks within its main Leyland Lancashire assembly plant using 90,000 sq ft of a former engine factory.
The unit has a capacity to produce 96 kits or built-up trucks a week on a single shift. Such is the depressed state of Third World truck markets, however, that initial utilisation will be less than half of this.
Production of built-up units is to be carried out within the Leyland facility in exactly the same manner as if it were an overseas assembly plant. This procedure is to be used both as a way of helping to ensure that any kits despatched are complete, and to eliminate any potential assembly problems at Leyland, rather than in a distant overseas plant.
Mr Les Wharton, Leyland Trucks' managing director, refuses to be specific about sales targets. He talks only of a "substantial" boost to export sales before the end of the decade.
Last year, Leyland Trucks' exports by value reached \$77m, representing about 25 per cent of production. But Leyland Trucks is still making losses and Mr Wharton acknowledges that a target of reaching break-even by the end of 1987 is unlikely to be realised without significant strengthening of export demand. He acknowledges, however, that developing world markets remain volatile, with little immediate prospect for overall growth.
Mr Wharton says that Leyland Trucks can break even producing 15,000 trucks a year. Present production, however, is just over 10,000 units a year. Maximising growth potential in such markets is the main reason for the particularly flexible approach. Leyland is taking with the Comet. It ranges from fully-built-up versions down to kits with UK content reduced to as low as 60 per cent, to satisfy some countries' demands for local assembly and, in some cases, selective component production.
Leyland has cut development costs of the truck by sharing components with some other trucks

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Please send full details and an application card. I/We understand the rates might vary.
I/We understand that the interest will be credited annually on 1st September to this account.
Full name(s) Mr/Mrs/Miss:
Address:
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Telephone:
Signature(s):
Date: FT 1-86
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EAST RAND GOLD AND URANIUM COMPANY LIMITED
(Incorporated in the Republic of South Africa)
Registration No. 71/07001/06
NOTICE TO HOLDERS OF 15.5 PER CENT UNSECURED CONVERTIBLE DEBENTURES 1988-1991 - INTEREST PAYMENT No. 4
Notice is hereby given that in respect of the interest on the debentures for the period January 1 1986 to June 30 1986, warrants bearing the latter date will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about June 18 1986 to debenture holders registered at the close of business on May 30 1986. For that purpose the transfer registers and registers of debenture holders will be closed from May 31 to June 13 1986, both days inclusive.
Registered debenture holders paid from the United Kingdom will receive the United Kingdom currency equivalent on June 2 1986 of the rand value of the interest due to them. Any such debenture holders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before May 30 1986.
In terms of the Republic of South Africa Income Tax Act, 1962, as amended, a withholding tax at the rate of 10 per cent will be deducted by the company, where applicable, from the interest payable to those debenture holders whose addresses in the registers of debenture holders are outside the Republic of South Africa. Interest amounting to R20 or less accruing in any one year is exempt from the tax.
By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Transfer Secretaries: Consolidated Share Registrars Limited, First Floor, Edgars, 40 Commissioner Street, Johannesburg 2001 (P.O. Box 61061, Marshalltown 2107)
Secretaries: per H. E. Phillips, Divisional Secretary
Registered office: 44 Main Street, Johannesburg 2001 (P.O. Box 61287, Marshalltown 2107)
London Office: 40 Holborn Viaduct, London EC1P 6AJ

Tenneco Inc
HOUSTON, TEXAS
1986 is our 40th consecutive year of cash dividend payments
The 1986 second quarter dividend of 76¢ per share on the Common Stock will be paid June 10 to stockholders of record on May 16. About 197,000 stockholders will share in our earnings.
Walter W. Sapp, Secretary

Philadelphia £164 one way
It's a new TWA Latesaver Fare!
Take a TWA special Latesaver return fare to Philadelphia and it works out at only £164 each way. That's a great bargain, from now until 31st May.
TWA has a daily non-stop service to Philadelphia from Heathrow. See your TWA Main Agent for details.
Leading the way to the USA
See your TWA Main Agent

THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

The UK shaver manufacturer is tackling Gillette head on. Feona McEwan reports

Wilkinson's duel of words and blades

THERE'S nothing like a spot of hover in the form of comparative advertising of rival products for stirring up the marketing pot.

For five years, British consumers have been spectators at the duels-on-the-lawn as Qualcast (which fired the first salvo) and Flymo pounded up and down the turf in the battle for control of the power lawnmower market. Every inch of marketing mileage was wrung from the encounter as claims, counterclaims and open challenges saw to it that the public gaze remained fixed on the protagonists and their products.

For the moment, the war is over, if not won. Qualcast claims victory with over 50 per cent of the £100m consumer market in the UK and each side is concentrating on its own product in its latest advertising. Now the spotlight turns to another battle of the blades as Wilkinson Sword takes a pot shot at Gillette, in the struggle for control of the systems sector of the UK shaver market. (This includes floating head and retractable blade razors and is the more profitable end of a market that also covers disposable razors and the original double-edged razors.)

The rival Wilkinson product (Profile). The marketing world now awaits Gillette's reply.

Knocking copy, as it is known, is still exceptional in the UK (less so in the hard-hitting US) where a softly softly approach to pushing products is regarded as more in tune with British sensibilities. Nonetheless, direct attacks on the competition by way of unfavourable comparisons are above board in the UK, provided they toe the line, as expressed explicitly in the codes of the Advertising Standards Authority (for press work) and the Independent Broadcasting Authority (for television commercials). These outlaws unfair discrediting, irrelevant and inaccurate comments, and the conferring of artificial advantage. So far the ASA reports one complaint only on the Wilkinson campaign.

"There's always a member of the public objecting to derogatory advertising of any kind," says a spokesman.



wars and sparks flew in 1983/84 when gas challenged electricity, drawing howls of protests from the Electricity Council and the Electric Home Bureau.

observers express concern at the Wilkinson strategy, on the grounds that in taking on a giant like Gillette it is fighting itself into a corner, especially given Gillette's imminent new product launch, Contour Plus.

rest to Wilkinson. In the total UK shaver market the break-down is Gillette about 45 per cent, Wilkinson about 30 per cent and the rest 24 per cent, according to Richard Bate, Wilkinson Sword's managing director (UK shaving).

fashioned and passive compared with innovative, dynamic Gillette.

The sector had become clichéd, with advertising that featured beardless young men shaving or else took the pop video approach, which, says Fraser, was fine but did not urge people to switch brands.

Comparative advertising was seen as the way to "shake the tree," break the apathy in the sector and make people sit up and consider Wilkinson in a more dynamic light. The more dynamic light, the more dependent research users delivered WCRS with the ammunition. Results showed a preference for Wilkinson products in a four to one ratio.

So far, just four weeks into the campaign (which includes two television commercials) it is too early to see results in sales terms, says the company. But trade response is considerable. "People are talking about the advertising," says Fraser.

At this stage the comparative advertising strategy is UK only. "We're at a different stage of the marketplace in the US," says Bate. "Some 10 years ago we had over 10 per cent there but we let it slip and now have less than 1 per cent. So our US advertising is a more straightforward new product style, getting the brand name across and describing product benefits."

Marketing abstracts

The "Over-Forties." C. Lakusch in Marketing ZFP (Fed Rep. of Germany), Aug 1985 (9 pages; in German, English version available).

Maintaining that the "over-forties" must be seen as a target group separate from the youth and grey markets, these consumers are not fighting against getting older (which to them means getting more mature and more attractive); they do not respond to the lure of "staying young." But they pitch their demands high as regards product quality.

The new Demographics. V. A. Zeitbaum in Journal of Marketing (US), Summer 1985 (12 pages).

Concludes that supermarket retailing strategies, based on a typical household of working father, housewife, and two children, are now thoroughly out of date, because of the increase in single-person households, more elderly people and working wives. A survey of shoppers stresses these new demographics, pointing to the importance of considering these groups' needs.

Motivating salesperson work performance. P. K. Tyagi in Journal of Marketing (US), Summer 1985 (11 pages).

Reports research into the relative influence of certain job dimensions, eg. skill, variety, and autonomy and leadership behaviour on salesperson work motivation and performance; identifies extrinsic (rewards, bonuses) and intrinsic (job importance, task identity) motivators, and desirable leadership behaviours (eg. trust, support, goal emphasis). Concludes that motivation/performance is more strongly influenced by job redesign than by emphasising leadership behaviour.

Lead Effects in Advertising and Marketing Decisions. P. Doyle and J. Saunders in Admap (UK), Dec. 1985 (4 pages).

Defines lead effects of sales promotions as those sales influenced before the campaign starts; identifies their sources as upper-induced, consumer expectations, and competitive deterrent tactics; presents a case study illustrating their impact, and explores how their negative effects on campaign profitability can be reduced.

These abstracts are condensed from the abstracting journals published by John Wiley & Sons. Licensed copies of the original articles may be obtained at a cost of \$4 each (including VAT and postage with order) from Admap, PO Box 23, Wokingham, Hants RG40 3JW.

Hanson at the double

NOW HERE'S a conundrum: Do you know the name of a British company which produces 250m batteries a year—more than the entire population of the United States?

No? Then what about an American company which has made office chairs to seat every office worker in Britain, France and Germany?

No idea? Then what about an American company which has made enough Frankfurters to stretch around the world three times?

The answer in each case is Hanson Trust, the diversified British industrial holding company which also has a major presence in the US through its subsidiary, the Hanson Industries.

The statistics are taken from the script of a factual corporate advertisement for Hanson currently being shown several nights a week on prime time British television.

At first sight, the most fascinating conundrum of all may appear to be the very existence of the advertisement. For one thing, Hanson Trust is a company with a reputation for being run on a very tight budget and an expensive television self-promotion does not fit this austere image. Secondly, the

timing might appear odd, for the advertisement began appearing just a few weeks after Hanson won Britain's biggest ever takeover battle—the £2.6bn fight for Imperial, the tobacco, food and brewing business. Is not this a case of bringing in the cheer-leaders after the game is over? What is Hanson up to?

Hanson says the answer is simple. The campaign was meant to appear in the final few weeks of the Imperial bid and help tilt the battle its way. But the three-way tussle for Imperial, which could have run until the end of April, ended several weeks earlier than expected when United Biscuits, the other contender, decided on a game of sudden death. The result was that Hanson's film came too late. But having seen the final product and liking it, Hanson decided to go ahead anyway and screen it.

The advertisement takes the form of a tongue-in-cheek exchange of boasts between a publicist Briton (actor Denholm Elliott), who sings the statis-

tical praises of an unnamed great British company, and an aggressive American (actor Joe Don Baker) who does the same for a US company. The denouement is the realisation that they are both speaking about the same company—Hanson Trust," says the puchline, "a company

The UK based group is revealing its two selves on TV. Martin Dickson explains why

from over here [Britain] that's also doing rather well over there [the US]."

"The advertisement explains our commitment to the US as well as the UK," says Martin Taylor, a Hanson director, "and the fact that we're in a large number of businesses in a substantial way."

He denies that it was in any way a reaction to the strong

attack on Hanson and its profits record in both Britain and the US which formed a central part of Imperial's press advertising campaign during the bid. "It doesn't address the allegations they made."

The advertisement was the creation of Lowe Howard-Spink Marschall, which was brought in to handle Hanson's advertising during the bid, rather than Allen Brady & Marsh, which it had used before and which still has Hanson's Ever Ready batteries account. (ABM, incidentally, has just been taken over by Lowe Howard-Spink.) The campaign will only be shown on British television and Hanson has yet to decide how long to keep it running. It also refuses to disclose the cost.

It is the highest television campaign mounted by the company, but it is not the first. TV advertisements have appeared on occasion in the past, such as one pegged to last year's interim results. Hanson has been doing a de-



Actor Joe Don Baker parades the American achievements

gree of corporate advertising, mostly in the press, for the past nine years. "We have always felt that Hanson Trust, being the sort of company it is, needs some explaining," says Taylor.

"We're not a one-product company and we have tried to use corporate advertising to explain our philosophy, and what we're involved in. And there's value in creating a sense of identity in the group, particularly if it can be done with a sense of

humour."

Television advertising to boost a company's general image is becoming more common in takeover battles—though the Independent Broadcasting Authority does not allow advertisement specifically linked to a bid. For example, Guinness produced a campaign playing on its "genius" slogan in its recent successful bid for Distillers, the drinks business, while both protagonists took

to the small screen at the time of the £1.5bn takeover bid by Elders IXL of Australia for Allied-Lyons, the food and drinks group.

But is this really an effective way of reaching the right audience in a takeover battle? City institutions have in recent months been strongly critical of the amount of money thrown by companies into takeover newspaper advertising (until the Takeover Panel imposed tough new restraints on knocking copy) and television advertisements go to an even less targeted audience than newspapers. To take just one example, vast numbers of Britons must have been baffled by the TV advertisements for Elders, which sang the praises of a company few would have ever heard of and which did not mention the fact that it was involved in a takeover bid for Allied.

Nevertheless, Hanson's Taylor insists TV advertising can be worthwhile. "It is often the case that shareholders in one company are not shareholders in another, and for us it would have been a useful way of communicating ourselves to Imperial's shareholders, employees and those who work with it."

Now you've filled it in, take a long hard look at what it represents for your advertising budget.

£10,000 could well tip the balance between not making a television commercial and making one. And we'll be happy to substitute the real thing for the replica shown below.

All you need to do is make sure you apply for a TVS Commercial

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It's a scheme designed to show advertisers that the most powerful selling medium isn't necessarily the most expensive. Of course, there are one or two conditions.

First, your commercial must be for a product or service which has not been advertised on television in the last two years.

And second, you must air your

commercial in the TVS region before anywhere else; spending at least £60,000 nett over a period of 36 weeks.

(If you prefer, you can limit your campaign to TVS Channel 4, spending £30,000 over 36 weeks and we will send you a cheque for £6,000.)

The Production Incentive apart, there are plenty of other good reasons for advertising on TVS.

Our region (the South and South-East) has the highest proportion of high-spending ABC1 consumers outside London.

And we offer discounts on test marketing projects.

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Call John Fox on 01-828 9898 and he'll fill in all the details.



If you can't quite afford a TV commercial, fill in the coupon.

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AMOUNT OTHER THAN POUNDS AS IN FIGURES

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26-79-25

مركزنا للأعمال

THE ARTS

Nordic painters/William Packer

Surprising lights of a summer night

If it's Thursday, it should be Sweden. I have just returned from a tour of five countries in a little over a week. I wanted to see as much as possible of the art of the Nordic countries...

and various discovery and surprise. They were also triumphantly allied, and a number of important and general truths were demonstrated on the way.

common not just to Norway but to all the countries of the far North. Here was an artist of his time and place, albeit of a most extraordinary kind.

And now, at the turn of that decade, comes in that general preoccupation with the evening light, blue and purple over the water, and the evocation of the gentle melancholy of the long, northern, mid-summer evening that is not yet night.

Arriving in Stockholm by boat, slipping through the archipelago in the dawn as the mists clear, is memorable enough, but to have spent a long evening at Thingvellir, Iceland's sacred place, where the parliament met on the remote hillside in the open air over nearly a million years ago is unforgettable.



Maria Ewing as Carmen

New York Opera

Andrew Porter

I didn't see Glyndebourne's Carmen last year. Its amplification for the huge Met stage has been given a rough ride here, the harshest words being accorded to Maria Ewing's heroine.

in voice and appearance to match so mercurial a young Carmen. He has long since renounced melting soft tones as an expressive device, but there was passion in the sound of the final scene, Catherine Maltano was a spunky, raven-haired Micaëla, a little fierce at the climax of the aria.

The Aïdo revival that I saw the day before was brainless and boring. The scenery, 30 years old, has always been ugly and ineffective. John Dexter's production, perverse from the start, has declined into routine and, at times, risibility.

Balanchine ballets/La Scala, Milan

Freda Pitt

Patricia Neary, who has been in charge of the ballet company at La Scala, Milan, since the beginning of the year, has been reproducing Balanchine's ballets in Western Europe for some years. Although the programmes for the current Milan season were arranged by her predecessor, Rosella Hightower, the all-Balanchine evening that received its first performance in mid-April seems a fitting yardstick by which to judge her work so far.

communicated the exhilaration without which the work remains a mere technical exercise. Francesco Selenio is one of the most promising of the Scala's young soloists, but a role as exposed as that in Bollet Imperiale requires a confidence and a nobility of comportment that he cannot yet command.

the Scala reproduction was entrusted to Richard Tanner, who obviously taught the dancers conscientiously, but without quite conveying the heart of the work.

Paddy and Sylvia pay an unexpected holiday visit to a hotel on a small Greek island in the days of the Colonels. Dick Edwards, the author of this play at the Sherman, Cardiff, uses them only as sounding-boards in his sketch of what life under the Colonels could be like.

her husband is in a drunken coma. Worse is to follow. Offstage, we hear the sound of battery and rifles, Michalis rings on Nana's body and parks it on the terrace. When Yannis sees her, he claims that the only way to ensure that she is really dead is to rape her, which he begins to do until Melina appears. Then Michalis shoots his mother dead.

Looking for the World/Cardiff

B. A. Young

Yannis and Melina Petrou, who run the hotel, are expecting their son Michalis back from military training, an occasion for celebration. But Michalis reveals that the island has been turned into a prison, and a shipload of prisoners will arrive that night. How can they be hidden from the tourists? Well, the tourists were expecting a festival; the prisoners' march will be called a festival procession, but unhappily it will take place after curfew.

An old woman beggar, Nana, is constantly at the hotel, which she plays little part in the night march is over and the British out of the way, Michalis gives his father an appalling account of the cruelties in his training, which consists mostly of mutual beatings up. How can they be hidden from the tourists? Well, the tourists were expecting a festival; the prisoners' march will be called a festival procession, but unhappily it will take place after curfew.

The Play's the Thing/Cambridge

Antony Thorncroft

P. G. Wodehouse is not the century's most famous playwright. The Play's the Thing, which adapts a plot by the Hungarian dramatist Ferenc Molnár and had a Broadway success with it in 1926. But despite the witty third act this Middle European drifter in unfamiliar country away from his belted ears and superior butlers. In fact the sharpest character in the play is the author, performed to maximum effect by Trevor Baxter.

heroine. She is overheard by her young fiancé encouraging an old lover—hate, of course, they are just rehearsing an entertainment. The Play's the Thing which justifies its revival and although lovers of Wodehouse will find few signs of his comic genius there are enough references to aunts and deft touches in the plotting not to doubt its authenticity. Bill Pryde directs a worthwhile discovery of the play, which transfers to the stage the wit and wit of the original. The play is a gem and a gem of wit and wit of the original. The play is a gem and a gem of wit and wit of the original.

Arts Guide

- Grand Palais, Ends June 30. 19th century pastels: A renewed, revived use of the pastel crayon technique, in complete break with its genteel 18th-century tradition, gives a sense of immediacy to Delacroix's studies, to country scenes by Miller and portraits by Manet. It catches the movement of Degas dancers and women at their toilet and lights up Rodon's inner visions. The Louvre, Pavillon des Arts (201 5440). Ends June 9.

Table with columns for bank names and interest rates. Includes AIB Bank, Allied Irish Bank, American Express Bank, etc.

Saleroom/Antony Thorncroft

Impressionist jackpot

Sotheby's had a spectacularly successful sale of Impressionist and Modern pictures in New York on Tuesday night, bringing in £20,219,551 with just 7 per cent unsold. This is the market which attracts the big money, with investment and genuine collecting, and the strong demand will have reassured the international art world, which has had its doubts in recent months.

The freshness of the paintings, and the fact that the decline in the value of the dollar allowed foreign buyers to compete actively for the works, aided the auction. Most amazing was the \$4,636,859 raised from the sale of just five paintings from the collection of Mr and Mrs David Bakalar.

Guggenheim Foundation in New York made \$262,127. Sotheby's also had success in Geneva, disposing of the jewels of the late Countess Mouna Bismark for \$2,750,000. Mousaieff, the dealer, paid \$266,866 for a diamond ring by Cartier with a stone of 31.77 carats and \$258,896 for her favourite pearls, two rows, 70 pearls in all.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantim, London P54. Telex: 8954871
Telephone: 01-248 8000

Thursday May 15 1986

Banana skins in Australia

THE Australian Government's dash for economic growth was always a risky strategy. Now it has been caught in a downpour. A steeply rising external deficit and a sharp fall of the Australian dollar has prompted Mr Paul Keating, the Federal Treasurer, to warn that the country is drifting into the status of a "banana republic."

This laudable rhetoric designed to frighten the left wing elements of his Labour party into accepting the substantial cuts in public spending which are needed to balance Australia's accounts. However, the phrase does point to the rather alarming rise in Australia's external debts, as its terms of trade have deteriorated while world markets for primary products which account for 80 per cent of Australia's exports weakened.

Australia's plight was brought sharply into focus on Tuesday by news that the current account deficit had widened to A\$1.48bn, bringing the total deficit in the first 10 months of the fiscal year to A\$2.2bn. By the middle of this year, gross external debts will have risen to about A\$82bn, so that Australia will need to earn around A\$5bn just to pay the interest on foreign debts.

These are very large numbers and the slide into indebtedness cannot continue indefinitely. After almost three years of rapid expansion, Australia is, therefore, facing the prospect of much slower growth or possibly even a recession.

Weak markets

This would be a sad conclusion of a remarkable economic experiment. Mr Hawke's Labour government appeared to be succeeding for a time, while Europe was in a break towards higher employment, without creating a havoc of inflation.

In the last three years, employment rose by 10 1/2 per cent while unemployment fell steadily. The economy grew by nearly 7 per cent in 1984 and 4.7 per cent last year, fuelled by an expansion of the public sector, while inflation remained fairly subdued at 6.3 per cent last year. The key to this achievement was the Government's 1983 accord with the trade union movement, which resulted in effective wage restraint.

This accord was combined with the so-called "trilogy", which was a pledge to prevent taxation, public spending or deficits from rising as a proportion of national output. This accord was even strong enough to withstand the effects of a massive market shock after the Australian dollar was floated. The Government man-

aged to gain agreement that wage increases would not fully reflect the rise in prices which resulted from higher import costs.

The halving of oil prices since last autumn has not only reduced the value of exports from Australia's Bass Strait fields, but is now putting downward pressure on the price of coal, the largest single export. These misfortunes have come when copper, aluminium and other metals prices are weak, while exports of wheat and beef are severely threatened by the large food surpluses generated by the US and Europe.

Object lesson

In these circumstances living standards will almost certainly have to fall. The question is whether this happens by continued wage discipline, by an inflationary spiral, or by government-induced recession which would once more send unemployment on a rising trend.

The immediate danger for the Government is that a further depreciation of the currency will kick import prices sharply before the economy has fully recovered from the inflationary impulse of the last depreciation. This would widen the external deficit and put the accord with the trade unions under extreme strain, especially if a cut in real incomes were combined with a rise in unemployment.

However, it is more important than ever that Australia should hold on to the competitive benefits of depreciation by not expecting more thinking, which would cut into the likely to test the political skills of the Hawke government to the extreme, especially in the run up to an election.

If it succeeds, Australia may have to hang on to its employment gains and come through the bleak period ahead with a better record on jobs than Europe. But if the country should be tipped by its present difficulties into an inflationary spiral, it risks becoming another object lesson for right-wing commentators on the need of trying to force the pace of growth.

Wasting disease in shipbuilding

THE ANNOUNCEMENT of a further 3,500 redundancies in British Shipbuilding will no doubt provoke the usual ritual protests about our seagoing heritage and the importance of taking the long view, but not even the protesters are likely to be convinced. While there is still a market for specialised and naval craft, the building of ordinary cargo carriers is a dead trade for the industrialised world for the foreseeable future.

Train of events

Rodney Bickerstaffe's elevation yesterday to the chair of the TUC economic committee owes much to the failings of British Rail.

Bickerstaffe, the youthful, left-wing boss of the plant public service union, Napsu, could occupy this seat, traditionally one of the most important in the TUC, into the next century.

His victory surprised former-follower at the TUC Congress House headquarters. They had expected that behind-the-scenes deals would give the job to Tony Christopher, head of the taxmen's union, who had the backing of the right.

Bickerstaffe's election was by the narrowest possible margin: 9 votes to 8. It was due to the failure of two right-wing members of the committee to turn up on time.

One, Gerry Russell, of the engineering union, was just a few minutes late. The other, Eric Hammond, head of the electricians' union, was very late—thanks to British Rail. The thoughts of the pugnacious Hammond about BR

Unilever's new chairman, Michael Angus, talks to Christopher Parkes about the choices facing his company.



Unilever lets in a shaft of sunlight

UNILEVER is coming out of its shell. Mr Michael Angus, newly-appointed chairman of the British end of the Anglo-Dutch soap, food, cosmetics and chemicals combine, is still quite coy about it, but he admits that the group has come to recognise it is living in "a franker environment."

Internal and external communications comes close to the top of his list of priorities for his term of office. Noted among City analysts, investors and the press for its impenetrable ways on the corner of London's Blackfriars Bridge, Unilever is feeling the need to be better understood. "Employees want to know," Mr Angus says. "We have got to explain to people what you are doing to let them know why they should help you do it. It is a function of efficient leadership. People want to feel involved."

The City, too, will share in this new openness. It is not that the company has been misunderstood, he says, rather that it presents a puzzling and complicated entity. Investors and stockbrokers' analysts have become more demanding, pressing for more information and detail about the group's doings. "There is no merit at all in being mysterious," says Mr Angus.

Accordingly, an interview with the Financial Times, fixed strictly for one hour, promptly stretches to twice that length. Mr Angus, a burly, ruffled man, who took up his post when Sir Kenneth Durban stepped down at the annual meeting yesterday, appears to have strengthened his faith in communication during his spell in the US, where he was sent in 1980 to prevent Lever Bros from collapsing under the drubbing being handed out by Procter & Gamble and Colgate Palmolive.

broader. Its agribusiness has plenty of room for growth, he says. Pressing work in medical diagnostics could lead to further sideways expansion. He wants a flatter global food business, already sees signs of accelerating sales in the Far East and India, and he seeks more of the prized North American market. There will also be changes close to the heart of the company. Some are already apparent, according to Mr Angus. "We are very much a businesslike company. In my early days parts of it used to be like the US," he says, referring to the group's one-time reputation for a rather civil service mentality.

Now, aged 58, Mr Angus joined Unilever as a management trainee, working in medical diagnostics, before joining the RAF. His first company was D and W Gibbs, where he became brand manager for Sansilk hair shampoo. Marked out early as a high flier, he joined the board of Unilever in the UK at the age of 40 as toilet preparations co-ordinator, and became head of the chemicals division before his US posting. He joined the special committee on his return in 1984. The special committee itself has developed into a more democratic body. He prizes his experiences as the "third man over the fence" between the UK and the US. Sir Kenneth and Mr Florent Mallers, the head of the Dutch end of the group, had allowed him to play an equal part in policy-making. "This has not always been the case with the third man," he says, attributing the change in attitude to the fact that both his colleagues had themselves endured spells in that relatively junior role. As a result, he had felt himself closely associated with the strategy for turning the business down to its core operations, even though it was instituted before he came. He also felt free to exercise his personality at stressful times. "I was never in a tense or overbearing," he says, he helped reinforce Unilever's determination in its bids for Brooke Bond and Richardson Vicks. "I was able to say let's go out and kill these guys—what do you mean, we can't be hostile?" Mr Angus has also been pressing for the introduction of more performance-related pay scales—the "division of his salary by four on his return from the US still ranks. The profile of senior ranks is changing as more younger people come through. For example, at Van den Bergh's, the UK margarine company, the whole board is in its 30s or 40s, he says. The main board is a bit older, he adds. "We may need to do something about it." The result, he believes, will be a more taxing environment inside the company. "It will be more competitive and exciting internally..." and, he adds, jocularly, "shan't be here," having retired. Whether the company will have changed significantly is another question. As Mr Angus' predecessors have found, Unilever is a big ship to turn once it is set on a given course.

Men and Matters

Other support from the beerage includes Alan Bond's Perth Swan brewery which is to spend A\$6.5m on the event. The Adelaide brewery, West End, is paying A\$400,000 to the Adelaide team which is competing to defend for Australia.

Carving a career

Tony Solomon, aged 66, the new figurehead at the top of S. G. Warburg's growing US financial empire, has been noticeably quiet since he retired from the Federal Reserve Bank of New York at the end of 1984.

Awash with beer

Yachtsmen are beginning to look peripheral to the forthcoming America's Cup sailing match to be held in Perth, Australia, next February. The beer barons are taking over.

Greater rewards

All the same, major social problems cannot be neglected simply because they have proved intractable: the failure so far argues for more efforts, and not a more thinking, rather than less. Experience of the relative success of some regions—the development of the Scottish electronics industry, and of the considerable improvement in prospects in South Wales following the building of the Severn bridge—is suggestive.

Relative success

This is not nowadays for lack of effort; Mr Paul Channon yesterday announced a whole series of initiatives through British Shipbuilders' own specialist redeployment agency and through the various established enterprise and community schemes to soften the blow. He is unlikely, though, to feel much more confident that these efforts will succeed than the protesters in arguing that shipbuilding should struggle on. It is not really surprising that the present Government, whose philosophy is founded on a belief in the operation of market forces, has been slow to get to grips with what can best be classified as a massive market failure. Earlier, more active policies to tackle regional de-

Train of events

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Carving a career

Tony Solomon, aged 66, the new figurehead at the top of S. G. Warburg's growing US financial empire, has been noticeably quiet since he retired from the Federal Reserve Bank of New York at the end of 1984.

Rule book

When a small business hits trouble, it often has no choice but to take the advice of its venture capital investors. To put it more directly, as an irate venture capitalist was recently heard to tell one of his problem companies: "It's the golden rule. These with the gold make the rules."

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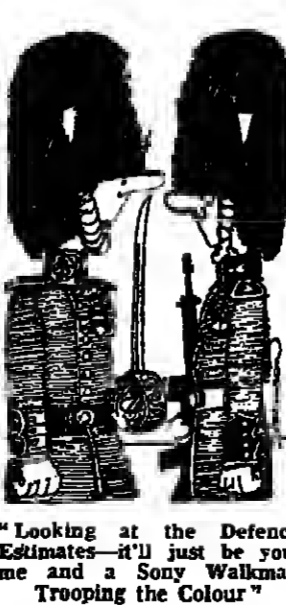
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Observer



"Looking at the Defence Estimates—it'll just be you, me and a Sony Walkman Trooping the Colour"

Handwritten signature or scribble at the bottom of the page.

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SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Thursday May 15 1986

FOR BUSINESS CARS & VANS TEL: 0783 44122 COWIE CONTRACT HIRE LTD

Brown, Boveri order intake declines 25%

BY WILLIAM DULLFORCE IN BADEN

BROWN, BOVERI'S order intake slumped in value by 25 per cent during the first quarter compared with the first three months of 1985. Incoming orders to the parent company in Baden plunged by 24 per cent. The declines are only partly due to changes in currency rates.

Earnings ahead of forecast at Matra

By Paul Betts in Paris

MATRA, the French state-controlled diversified defence and electronics group, has reported higher than expected consolidated net group earnings of FF110m (\$15.7m) last year compared with earnings of FF82m the year before.

WEST GERMAN VEHICLE MAKER FACES ORGANISATIONAL CHALLENGE

Daimler to restructure board

BY JONATHAN CARR IN STUTTGART

DAIMLER-BENZ, the West German motor vehicle maker, looks set to decide within the next few weeks on a major restructuring of its top management to take account of its recent growth into a broadly based, high-technology concern.

DAIMLER-BENZ expects to raise sales revenue by about a quarter to DM 66bn (\$30bn) this year, after a boost of over 20 per cent to DM 20bn in the first four months.

It is expected to stagnate, above all because of the weaker dollar which lowers US sales revenue in D-Mark terms. But unit vehicle sales will increase, with passenger car production scheduled to jump to more than 500,000 after 541,000 last year.

Passenger car production rose in 1985 by 13.1 per cent to 541,000 but even so, Daimler says, demand exceeded supply for all its model ranges. At home new registrations of Daimler cars increased by 18 per cent to 268,000, boosting the company's domestic market share from 9.5 per cent to 11.8 per cent.

First-quarter upturn for Woolworth

By Terry Dodsworth in New York

F. W. WOOLWORTH, the US stores chain, registered a sharp increase in profits in the first quarter, although the improvement was achieved against a very low figure in 1985.

Hapag-Lloyd profit recovery continues

BY PETER BRUCE IN BONN

HAPAG-LLOYD, West Germany's biggest shipping group, has reported a 25 per cent increase in net group profits for 1985 to DM 55m (\$43m), a result that is bound to fuel speculation about its ownership.

Lockheed in search for acquisitions

By Our Financial Staff

LOCKHEED, the US aerospace group, expects to top last year's net earnings of \$401m, or \$6.10 a share, in 1986. Meanwhile, it is maintaining its level of capital spending at \$450m and is actively on the search for acquisitions in the defence electronics industry.

Turnround for CISI after restructuring

By Our Paris Staff

CISI, the computing services company controlled by France's atomic energy commission, CEA, returned to the black last year after major restructuring of operations.

Avery to buy chemical division from Uniroyal

BY PAUL TAYLOR IN NEW YORK

UNIROYAL, a leading US tyre manufacturer which was acquired in a \$630m management-led leveraged buy-out last year, said yesterday that it had agreed to sell its chemical business to Avery, a New Jersey-based coal-mining company, for about \$760m in cash.

Androsch is reappointed as bank chief

By Patrick Blum in Vienna

CREDITANSTALT Bankverein, Austria's largest bank has reappointed Dr Hannes Androsch as its director general and chief executive.

Gerber performance hit by bad publicity

BY OUR NEW YORK STAFF

GERBER PRODUCTS, the US baby foods group, yesterday cited recent "unfounded adverse publicity" surrounding a string of unsubstantiated reports about glass fragments found in some Gerber baby food jars to explain a sharp 29 per cent decline in its fiscal fourth quarter profits.

Kodak steps up dividend to 63 cents

BY OUR NEW YORK STAFF

EASTMAN KODAK, the world's largest maker of photographic products, is to raise its second-quarter dividend to 63 cents a share from 55 cents.

By the fourth quarter, it expected to be operating "at an earnings rate which is indicative of our ability to achieve that return on assets level."

lacklustre earnings performance and higher debt usage in 1985 suggest a level of financing risk not fully consistent with Kodak's triple-A rating.

Good results maintained for the UCB Group in 1985 and dividend increased by 8%.

Programme of investment and research of almost BF3,000 million in 1986.

Statement by the Chairman

In an economic environment more difficult than that of 1984, the total profits of the UCB Group, after tax, reached BF1,378 million in 1985, compared with BF1,360 million the previous year.

The Chemical Sector made a profit before tax of BF 618 million, of which BF 337 million were ordinary profits, compared with BF 436 million in 1984.

We should emphasise that the profits of the three Sectors of UCB are after supporting the cost of significant expenditure, already mentioned above, incurred for the future expansion of the Group.

Table with 3 columns: 1983, 1984, 1985. Rows include Group net sales, Numbers employed, Cash flow, Value added, Capital expenditure, Research expenditure, Finance and loan charges, Profit before tax, Profit after tax, Profit after tax as a percentage of own funds, Share of UCB in own funds, cash flow, profit after tax, Price range of UCB S.A.'s ordinary share, AVF share, Number of shares in UCB S.A. at 31st December.

The Annual General Meeting will be held on Tuesday, 10th June, 1986, at 11.30 a.m. at the registered office, 320 Avenue Louise, 1050 Brussels.

INTL. COMPANIES & FINANCE

PHIBRO-SALOMON INC
has changed its name
effective May 7, 1986 to...

SALOMON INC

N.Y.S.E. Ticker symbol: SB

Salomon Brothers Inc, Phibro Energy, Inc. and Philipp Brothers, Inc., our operating units, will continue to engage in the international trading of securities, crude oil and oil products and other commodities under their own time-honored names.

Texas Air clears way for Eastern acquisition

BY TERRY DODSWORTH IN NEW YORK

TEXAS AIR, the US airline group, has cleared the way for completion of its proposed acquisition of Eastern Airlines with the sale of airport take-off and landing rights in New York, Boston and Washington. The rights to operate on the east coast routes are being acquired by Pan American, mainly known for its transatlantic operations, for \$50m. Texas Air's decision to sell was immediately supported by the Justice Department, which said that the deal "alleviates all the potential anti-trust problems" posed by the proposed merger of Eastern and Texas.

The US Transportation Department has the final say on mergers in the airline industry, and is still considering the proposed takeover of Eastern. However, the Justice Department could have intervened to object to the deal on anti-trust grounds, and is believed to have been considering such a move because of the strong position of both Eastern and Texas Air's subsidiary, New York Air, on the east coast routes.

In the deal with Pan Am, Texas Air agreed that its subsidiaries would not fly more than 20 round trips between either of the airport pairs in the 18 months after the Pan Am service began, to allow the rival airline to establish itself on the routes.

Weston may not meet 15% growth target

BY ROBERT GIBBENS IN MONTREAL

GEORGE WESTON, the major Canadian food processing and distribution and resource products group, says it will find it difficult to achieve its target 15 per cent increase in profits this year because of slower economic growth and constrained consumer spending.

The resource businesses, including packaging and pulp and paper, were strong in the first quarter, offsetting overall weakness in food processing. Overall first-quarter sales were up around 11 per cent, operating income up 5 per cent and earnings up 12 per cent to about C\$1 a share.

The company said an increase in quarterly dividend from 47 cents to 50 cents reflected good investment opportunities and the strength of the business overall. Capital investment is being concentrated in the large combination store sector, in order to keep the distribution side fully competitive.

Laurentian Group, the publicly quoted financial services arm of Weston, plans to buy Eafin Financial Services from the Eaton's of Canada department store group for C\$85m (US\$62m) in stock and C\$16m cash.

Laurentian plans to operate Eaton Financial Services as a separate unit, adding some of its own products to Eaton's.

All of these securities have been sold. This announcement appears as a matter of record only.

April, 1986



NEW WORLD PICTURES

1,500,000 Shares

Common Stock

L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC.

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| DILLON, READ & CO. INC.
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<small>Incorporated</small> |

Weekly net asset value



Tokyo Pacific Holdings (Seaboard) N.V.
ON 12th MAY, 1986 U.S. \$142.22

Listed on the Amsterdam Stock Exchange

Information: Pierson, Hedding & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

AIBD BOND INDICES

WEEKLY EURBOND GUIDE MAY 9 1986

	Yield	Change on Week	12 Months High	12 Months Low
US Dollar	9.256	-0.216	11.530	9.094
Australian Dollar	12.898	0.530	14.630	12.600
Canadian Dollar	10.658	0.188	12.490	10.612
Euroguilder	6.046	-0.739	7.113	6.046
Euro Currency Unit	8.292	1.431	9.710	8.175
Yen	6.308	-0.708	7.280	6.207
Sterling	9.898	1.497	11.932	9.751
Deutschemark	6.521	-0.015	7.380	6.418

Bank J. Vontobel & Co Ltd, Zurich Telex: 812744 JVZ CH

GENERALE BANK 1985 RESULTS

SHORTER NAME ADOPTED

Our name has been shortened to make our Bank easier to identify. Since April 1985, the Bank's international name has been: GENERALE BANK.

Most of our subsidiaries and foreign branches have changed their names to stress their links with the parent company, which in Belgium is called: Générale de Banque - Generale Bank.

GENERALE BANK CONSISTS OF:

The parent company with 12 regional offices and 1170 branches in Belgium, and:
• subsidiaries in London, Paris and Hong Kong.
• branches in Cologne, Tokyo, Milan, Singapore, Madrid, New York and Lisbon.
• large stakes in Banque Générale du Luxembourg, the Belgo-Zairoise Group and

Barque Européenne pour l'Amérique Latine, and around 60 banks and near-bank service companies in Belgium and abroad.
• representative offices in Mexico City, Tehran, Beirut, Beijing, Sao Paolo, Tokyo, Melbourne, Moscow and to the EEC.

SHARP GROWTH IN ACTIVITY AND GROUP RESULTS

	1985		1984		%	
	BF	USD	BF	USD	in BF	in USD
		rate: 50.3175		rate: 82.90		
(billions)						
Balance sheet total	2,061	40,960	1,940	30,843	+ 6.3	+ 32.8
Customers' deposits	1,105	21,961	1,051	16,709	+ 5.2	+ 31.4
Due to banks	816	16,217	741	11,781	+ 10.2	+ 37.7
Bank loans	570	11,328	527	8,378	+ 8.3	+ 35.2
Private sector loans	750	14,905	787	12,512	- 4.8	+ 19.1
Public sector loans	611	12,143	507	8,060	+ 20.4	+ 50.7
(millions)						
Own funds	35,092	697,411	32,013	508,951	+ 9.8	+ 37.0
Gross profit	21,588	429,036	17,378	278,280	+ 24.2	+ 55.3
Provisions and allocations for depreciation and decreases in value	13,589	269,868	12,997	206,630	+ 4.4	+ 30.5
Income tax	2,734	54,335	1,888	30,016	+ 44.8	+ 81.0
Minority third-party interests	363	7,214	387	6,153	- 6.2	+ 17.2
Net profit	4,922	97,819	2,106	33,482	+133.7	+192.2

Banque Belge Limited
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14th May, 1986



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|---|--|
| <i>Citicorp Investment Bank Limited</i> | <i>Nomura International Limited</i> |
| <i>Banque Paribas Capital Markets Limited</i> | <i>ANZ Merchant Bank Limited</i> |
| <i>Banque Indosuez</i> | <i>Baring Brothers & Co., Limited</i> |
| <i>Chase Investment Bank</i> | <i>Credit Suisse First Boston Limited</i> |
| <i>Dai-Ichi Kangyo International Limited</i> | <i>Daiwa Europe Limited</i> |
| <i>Dresdner Bank Aktiengesellschaft</i> | <i>Generale Bank</i> |
| <i>IBJ International Limited</i> | <i>Kleinwort, Benson Limited</i> |
| <i>Merrill Lynch Capital Markets</i> | <i>Morgan Guaranty Ltd</i> |
| <i>Morgan Stanley International</i> | <i>The Nikko Securities Co., (Europe) Ltd.</i> |
| <i>Orion Royal Bank Limited</i> | <i>Sanwa International Limited</i> |
| <i>Taiyo Kobe International Limited</i> | |

INTL. COMPANIES & FINANCE

BHP queries Bell funds for bid

BY LACHLAN DRUMMOND IN SYDNEY

DIRECTORS of Broken Hill Proprietary (BHP), Australia's largest company, yesterday attempted to cast doubt on the ability of Bell Resources to meet its funding commitments in its revised AS\$2.6bn (US\$2.4bn) partial bid for control of BHP.

sources' ability to meet the funding commitments. "We have always been quite outspoken about our belief that we could not see how we could afford to pay AS\$700 each for 250m shares. The prospect of his being able to pay AS\$20 for 400m shares just seems that much more incredible."

average 14.5 per cent interest rate and dividends lower than the 40 cents a share annualised rate it is now paying.

The price was in line with the theoretical worth of Bell's AS\$329 ex-dividend offer for half of each holding adjusted for the likely post-bid market quotation.

Utah International plans S. African sales

BY GORDON CRAME AND JIM JONES

UTAH INTERNATIONAL, the California-based mining subsidiary of Broken Hill Proprietary, is seeking to sell its wholly-owned exploration prospects in South Africa and Namibia.

Up to two dozen separate areas are involved, of which four or five are defined as ready for immediate development. They are grouped under Southern Sphere Holdings, a Transvaal-based exploration unit which Utah is willing to sell in its entirety or piecemeal.

Utah officials stressed, however, that the planned disposals did not amount to a withdrawal from South Africa. The move leaves unaffected its two biggest involvements, both of which are in partnership with Anglovaal, another large Johannesburg mining company.

In the next few years the California company could be called on to contribute to the possible R1bn (\$498.3m) development costs of the Free State gold project where initial drilling began last year. It sees more reward from single larger operations.

Nippon Shinpan achieves record pre-tax result

By Yoko Shibata in Tokyo. NIPPON SHINPAN, Japan's leading consumer credit company, achieved record pre-tax profits of ¥19.63bn (\$120.6m) in the year ended March, up 18.7 per cent.

BASF suffers 12% setback as dollar and oil prices fall

BY DAVID BROWN IN LUDWIGSHAFEN

BASF, the West German chemicals concern, has suffered a 12.4 per cent setback in pre-tax profits for the first quarter this year as a result of the weak dollar and the destabilising effects of lower oil prices.

CNA profits slip in continuing recession

By Jim Jones in Johannesburg

PROLONGED recession and the weakness of the rand adversely affected the operations of CNA, South Africa's largest entertainment and distribution retailer in the year to March.

Annual Meeting of Stockholders

BASF '86

We announce herewith this year's Annual Meeting of Stockholders on Thursday, June 26, 1986, 10:00 a.m. at the BASF Feiertagshaus, Leuschnerstraße 47 Ludwigshafen/Rhine, West Germany

- Agenda 1. Presentation of the Financial Statements of BASF Aktiengesellschaft and BASF Aktiengesellschaft consolidated with its German Subsidiaries; presentation of the Annual Reports of BASF Aktiengesellschaft and BASF Aktiengesellschaft consolidated with its German Subsidiaries; presentation of the Supervisory Board Report.

Shareholders wishing to participate in the Annual Meeting and to exercise their right to vote must have deposited their shares during normal office hours and in the prescribed form at a depository bank. The shares should remain deposited until the conclusion of the Annual Meeting.

Depository bank is in the U.K.: S.G. Warburg & Co. Ltd.

BASF Aktiengesellschaft D-6700 Ludwigshafen



Robor improves on lower interest costs

By Our Johannesburg Correspondent

Republic of Portugal

Placing on a yield basis of £50,000,000 Loan Stock 2016

The Issue Yield (as defined in, and calculated in accordance with the terms of, the Placing Memorandum dated 13th May, 1986) on the above Stock is 10.40 per cent.

S.G. Warburg & Co. Ltd.

Yokogawa Hokushin boosts earnings

By Our Tokyo Staff

Christiania Bank og Kreditkasse

(Incorporated in the Kingdom of Norway with limited liability)

U.S.\$100,000,000 Floating Rate Subordinated Notes Due 1995 (of which U.S.\$66,000,000 has been issued as Initial Tranches)

Notice is hereby given that the rate of interest has been fixed at 10.4% and that the interest payable on the relevant Interest Payment Date November 17, 1986 against Coupon No. 3 in respect of US\$1,000 nominal Notes will be US\$542.50 and in respect of US\$250,000 nominal Notes will be US\$13,562.50.

U.S.\$75,000,000 Pearson plc 5 3/4% Convertible Bonds Due 2001

In accordance with the conditions of the Bonds, notice is hereby given that the holder of any Bond has the right, subject to applicable fiscal or other laws or regulations and subject to the provisions of the Trust Deed dated 14th May, 1986, to convert such Bond into fully paid registered Ordinary Shares of 25p each of Pearson plc at a conversion price of \$300 per Ordinary Share at any time on or after 29th May, 1986 up to and including 14th May, 2001.

Bankers Trust Company, London Principal Paying and Conversion Agent 15th May, 1986

NOTICE TO THE BONDHOLDERS OF Toppan Printing Company, Limited

U.S. Dollar Denominated 2 3/4% per cent. Yen-Linked Convertible Bonds 1994 (the "Bonds") and adjustment of conversion price to be made as a result of the authorisation of free share distribution

- 1. The Board of Directors authorised on 24th April, 1986, to effect a free distribution of shares at the rate of one (1) new share for each ten (10) shares held at the time of the close of business on 31st May, 1986 [the record date].

Conversion price before adjustment: Yen 788.00 Conversion price after adjustment: Yen 698.20

Toppan Printing Company, Limited 5-1, Taite 1-chome Taite-ku, Tokyo 15th May, 1986

Genossenschaftliche Zentralbank Aktiengesellschaft

Vienna U.S.\$100,000,000

Perpetual Floating Rate Subordinated Notes

For the six months 14th May, 1986 to 14th November, 1986 the Notes will carry an interest rate of 7 3/4% per annum with a coupon amount of US \$183.68 per US \$5,000 Note and US \$183.61 per US \$50,000 Note, payable on 14th November, 1986.

Bankers Trust Company, London Agent Bank

U.S.\$125,000,000 THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY OF THE KINGDOM OF DENMARK

(Kongelige Danmarks Hypotekbank og Finansforvaltning)

Guaranteed Floating Rate Notes due 1999 Series 95 Redeemable at the Notchholders' Option in 1986 unconditionally guaranteed by THE KINGDOM OF DENMARK

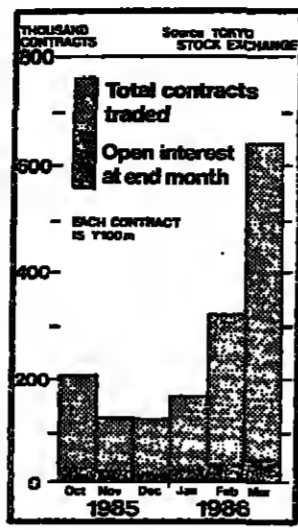
Notice is hereby given that the Rate of Interest for the second one-month sub-period has been fixed at 7 3/4% p.a. and that the interest payable for the second one-month sub-period in respect of U.S.\$1,000 nominal of the Notes will be U.S.\$63.89. This amount will accrue towards the interest payment due July 15, 1986. May 15, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

INTERNATIONAL COMPANIES and FINANCE

Alexander Nicoll on one of the world's most successful financial markets Tokyo futures face test of time

IN A basement two storeys below the bustling main floor of the Tokyo Stock Exchange is the hub of one of the world's most unusual, but most successful, futures markets.

There are some of the features you would expect to find: furies of shouting, arm-waving and hand-signalling, rapidly changing prices flashing up on screens.



the daily limit of a ¥1 price movement is too small they complain. But there is evident pride and frequent comparison to the US Government bond futures market, which took far more time to develop its current volumes by value of about three times Tokyo's first quarter levels.

Stockley to issue £100m paper

By Peter Montagnon, Euromarkets Correspondent STOCKLEY, the UK property concern, has appointed Morgan Grenfell to act as dealer in a £100m commercial paper programme.

Advances by dollar bonds trimmed after US falters

DEALERS marked prices of dollar Eurobonds higher yesterday morning after a rally in the US Treasury market on Tuesday night. The US market then faltered as the dollar slipped on foreign exchanges and discouraging US economic figures were announced.

for Australian dollar bonds recently has been for long-dated instruments, and Chrysler's bond has only a four-year maturity. But, the coupon was set at 13 1/2 per cent, which was against an indicated 13 per cent. The price at which warrants may be exercised into non-voting bearer shares of the company was set at SFr 6,950, exactly the level of the closing price of the stock.

The D-Mark sector saw more vigorous trading than of late and prices moved up by up to a point. Dealers said this was a reaction to the better tone in US Treasuries, creating the opportunity to correct recent falls in prices, which many have thought excessive.

Revere Copper in buyout

BY OUR FINANCIAL STAFF REVERE COPPER & BRASS, the US metal products group, has reached agreement with the investor group which offered to pay \$20 a share for the company two months ago, under which Mr Hugh Williamson, the present chief executive, will become a substantial shareholder through a leveraged buy-out transaction.

As a result of the deal announced yesterday, shareholders will be offered \$23 a share in cash by the bidding group co-ordinated by Smith-Vassilou Management, a company controlled by Mr Randall Smith, a Revere director.

Copperweld reshape study

BY OUR FINANCIAL STAFF COPPERWELD, the Pittsburgh-based special steels maker, is studying the possibility of restructuring by distributing shares in its steel bar business to its own shareholders.

metal fabricating business, where there are more opportunities for growth than in the steel bar sector. It also feels that Copperweld Steel as an independent unit would be stronger and more successful "with the co-operation of the union and employees."

Better access sought to brokers' screens

THE Trading Practices Committee of the Public Securities Association's US government securities division has agreed to begin considering methods to improve accessibility to brokers' screens in the light of the globalisation of the US government securities market.

Clore may sell US drugs group stake

A STAKE of around 10 per cent in Rorer, the US drug and surgical products group which has long been one of Wall Street's favourite takeover candidates, may be about to change hands.

A Panamanian company he controls. The company, Nerval and Manor, holds 9.8 per cent of Rorer, which is a takeover candidate.

scription drug operations of Revlon, the US cosmetic company. More recently, Rorer has been looking to sell its surgical products subsidiaries.

Household Finance Corporation ¥18,000,000,000 6% Notes Due 1996. Mitsubishi Finance International Limited. Morgan Stanley International, Goldman Sachs International Corp., Kleinwort, Benson Limited, Bank of Tokyo International Limited, Banque Bruxelles Lambert S.A., Banque Nationale de Paris, Citicorp Investment Bank Limited, Cosmo Securities (Europe) Limited, Crédit Lyonnais, Daiwa Europe Limited, Deutsche Bank Capital Markets Limited, Fuji International Finance Limited, Girozentrale und Bank der österreichischen Sparkassen, Kyowa Bank Nederland N.V., Lloyds Merchant Bank Limited, Merrill Lynch Capital Markets, Mitsubishi Trust & Banking Corporation (Europe) S.A., Mitsui Trust Bank (Europe) S.A., Samuel Montagu & Co. Limited, New Japan Securities (Europe) Limited, The Nikko Securities Co., (Europe) Ltd., Nippon Kangyo Kakumaru (Europe) Limited, Nomura International Limited, Orion Royal Bank Limited, Saitama Bank (Europe) S.A., Sanwa International Limited, Smith Barney, Harris Upham & Co. Incorporated, Société Générale, Sumitomo Finance International, Sumitomo Trust International Limited, Taiyo Kobe International Limited, Tokai International Limited, Union Bank of Switzerland (Securities) Limited, S. G. Warburg & Co. Ltd., Yasuda Trust Europe Limited, London. May 15, 1986.

New Marine Midland unit

MARINE Midland Bank has established Marine Midland Capital Markets (MIDCAP), a London investment banking subsidiary which will be aligned with the bank's recently formed investment banking subsidiary, Reuter reports from New York.

London branch for Sasi

SWISS American Securities (Sasi), a unit of Credit Suisse based in New York, will open a London branch to meet the needs of a growing European clientele, AP-DJ reports from Zurich.

N. AMERICAN QUARTERLIES

Table with columns: Company, Revenue, Net profit, Net per share for various quarters (1985, 1986).

FT INTERNATIONAL BOND SERVICE

Table listing 200 latest international bonds with columns: Issuer, Maturity, Coupon, Price, Yield, etc.

صندوق الاستثمارات

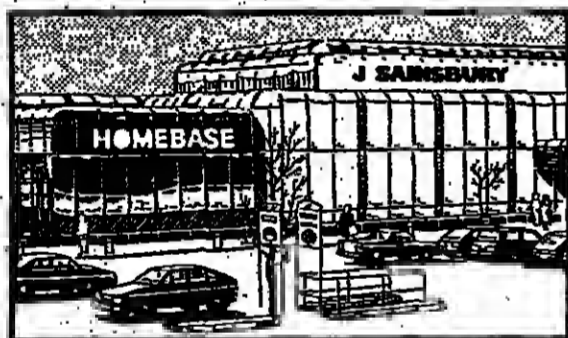


Land Securities assets exceed £2.5 billion

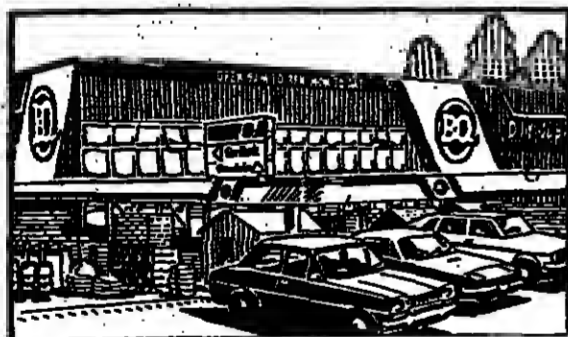
£1,629m – City, West End & Victoria
 £ 794m – Provincial Shops & Offices
 £ 48m – Industrial

Acquisitions and developments of
out-of-town retail warehousing and food superstores
 1.8m sq. ft. in 33 key locations.

Ravenside Investments Ltd., a wholly owned subsidiary, has over the last two years acquired or developed, or has in course of acquisition and/or development a portfolio of 59 stores. Major tenants include Asda/ MFI trading as MFI and Allied Carpets, Argyll Stores trading as Presto, B & Q, Comet, Fine Fare, Halfords, Harris Queensway, J. Sainsbury and Sainsbury Homebase, W. H. Smith Do It All, Vallances, and Homecharm trading as Texas Homecare and Bulk DIY.



Kingston upon Hull



Peterborough



Stockton-on-Tees



Speke – Liverpool

Abridged Summary of Results for the Year ended 31st March, 1986

	31.3.86 £'m	31.3.85 £'m	Increase %
Total income	171.5	148.4	15.6
made up of			
Rental income	152.6	132.1	15.5
Service charges and other recoveries	13.6	12.2	11.5
Interest receivable	5.3	4.1	29.3
Net rents and interest receivable	134.0	114.9	16.6
Income on ordinary activities before taxation	112.9	95.6	18.1
Taxation	33.4	36.6	(8.7)
Income available for distribution	79.5	59.0	34.7
Dividends per share paid (2.9p) and proposed (6.9p); 1985: 8.15p	49.3	41.0	20.2
Earnings per share	15.79p	11.72p	34.7
Dividend cover – times	1.61	1.44	

The Knight Frank & Rutley valuation of the portfolio as at 31st March, 1986, totalled £2,543.3m, an increase of £207.6m over that at the previous year end. Taking into account expenditure on properties £160.9m and the book value of properties sold, £34.4m, during the period, the surplus on revaluation was £81.1m, an increase of 3.3% (1985: 4.6%).

Incorporating the valuation in the Accounts at 31st March, 1986, and without adjusting for taxation payable in the event of properties being sold the consolidated net assets of the Group at that date amounted to £2,112.4m, on which basis, the net asset value per share is 420p, an increase of 4.7% over that at 31st March, 1985.

All buildings in the recent 1m sq. ft. office programme have been let except for two (40,900 sq. ft.) which are not yet completed; one of which (32,500 sq. ft.) it has been agreed to let since the year end.

Three large City office buildings and a block of shops in Oxford Street have been acquired as investments or for development. Plans for new developments include several buildings in the City and West End, the £25m Olympia Centre, East Kilbride and an extension to the shopping centre at Irvine New Town.

A first-class portfolio of out-of-town retail warehouses and food superstores has been built up in carefully selected strategic locations.

Having concluded three borrowings each of £100m nominal, two since 31st March, 1986, the Company has secured long term finance to replace bank facilities, to meet the capital commitments of £108.7m at that date and to contribute towards the costs of further schemes which will be referred to in the Report of the Directors.

The full Report of the Directors and the Accounts containing an unqualified Report by the Auditors, a detailed portfolio review, illustrations and photographs with additional information including a list of major properties, are due to be distributed on 2nd June, 1986. Non-shareholders who would like a copy are requested to write to The Secretary.



Birmingham



Andover



Fareham



Bristol

Land Securities PLC Devonshire House, Piccadilly, London W1X 6BT

Ravenseft Properties Limited, The City of London Real Property Company Limited, Ravenside Investments Limited, Ravenseft Industrial Estates Limited.

UK COMPANY NEWS

Succession at BTR 'will be orderly' - Sir Owen

BY MARTIN DICKSON

SIR OWEN GREEN, chairman of BTR, the acquisitive industrial conglomerate, yesterday hinted that he was likely to stand down as chief executive during the coming year, though he would remain as chairman for some years to come.

Sir Owen, speaking at the company's annual general meeting, also disclosed that BTR was to obtain listings for its shares on the Zurich, Geneva and Basle stock exchanges by the end of this month, with Frankfurt to follow.

It was also planning a quote in Tokyo later this year. As chief executive since 1967, and chairman since 1984, Sir Owen has overseen the remarkable growth of BTR from relatively humble beginnings and the question of his successor has long been a subject of City speculation.

evolutionary manner." BTR, he said, had a strong complement of people for future management requirements, and this was particularly true at the summit.

Speaking afterwards, he would not spell out just when the change would take place, though he acknowledged reporters might draw the inference that he would not be chief executive in a year's time.

BTR has a policy that directors give up executive positions at the age of 60 and board membership at 65. Sir Owen was 61 yesterday and his continuation in the chief executive's role for the time being fuelled speculation that BTR might be planning another major acquisition.

share purely for dominance has not been a principal aim. "We will continue to seek growth at a rate measurably above that of the going rate of inflation and in a consistent, therefore predictable manner."

He said acquisitions could be justified on "community" as well as commercial grounds, where a company was judged to be achieving a performance less than adequate in relation to its assets.

Front runners for the post of chief executive are expected to be Mr Hugh Laughland, and Mr Lionel Barber, joint chief executives of BTR's European regional management, and Mr John Cahill, chairman of its North American operations.

Steinberg picks up from MIG placing

By Barry Riley

Mr Saul Steinberg has raised the stake of his Reliance Group in Mercury International Group to 9.9 per cent, partly as a result of a placing, announced yesterday, of the bank of Charter Consolidated's investment in MIG for £48.3m.

Aggressive purchases of Mercury shares by the American financier last November caused tension, but eventually there was an agreement that he would not raise his stake to more than 10 per cent.

Charter Consolidated acquired its investment in Mercury indirectly, following its purchase more than two years ago of a 29.9 per cent interest in stockbrokers Rowe & Pitman. A complex four-way merger of Mercury, R & P, stockbrokers Akroyd & Smithers and another broking firm, Mullen, was completed last month.

David Lascelles analyses Britain's largest ever rights issue: NatWest hits the solar plexus

AFTER WATCHING the stock market reel at the news of NatWest's £714m rights issue, Mr Charles Green, the general manager in charge of financial control and the mastermind behind the deal, admitted yesterday morning: "The Stock Exchange took it in the solar plexus."

In size terms, maybe. The issue sets a new record for the British market, far surpassing the £824m raised by BP in 1981. It also caps a tumultuous time on the exchange when cash calls on the equity market have been coming thick and fast, and some analysts were already wondering whether it could take any more.

But it was always on the cards that NatWest would touch its shareholders for more money long-term. Britain's largest bank has ambitious growth plans, particularly in financial markets overseas, and it has already used up the proceeds of its last £236m rights issue nearly two years ago, as well as the \$1.5bn in perpetual capital it has raised since then.

Table with 2 columns: Date, Description, Amount. Includes entries for July 1984 (£236m rights issue), April 1985 (\$400m floating rate capital notes), May 1985 (\$100m primary capital floating rate notes), July 1985 (Swiss Franc 300m capital bond issue), Nov. 1985 (\$500m primary capital floating rate notes), Feb. 1986 (£575m subordinated capital notes), May 1986 (£714m rights issue).



Mr. Philip Wilkinson, NatWest chief executive

Mr Philip Wilkinson, NatWest chief executive, predicted that there will be only 10 big players on the London capital markets by 1990.

Only a fortnight ago, Mr Philip Wilkinson, the group chief executive, predicted that there will be only 10 big players on the London capital markets by 1990. He said NatWest was determined not only to be one of them, but also to be a "significant force" in the leading capital markets in the US, Europe and the Far East.

go into the brokerage business as far as the restrictive banking laws there allow—the go-ahead from the Federal Reserve Board is expected soon—and establish a dealership in the \$1,000bn Treasury bond market.

However, Mr Green was not ruling out foreign acquisitions yesterday, though he declined to be specific. "Our strategy is to widen the range of our services, particularly in the capital markets," he said.

As part of this overseas drive, NatWest will also be seeking to get its stock listed on the Tokyo and New York stock exchanges as several other foreign banks have done in order to tap a wider share ownership.

Coloroll still keen on Staffs bid

Despite the lapsing of Coloroll's £14m bid for Staffordshire Pottery last Monday the company announced yesterday that it had increased its stake from 14 per cent to 24 per cent.

Setback for Allied Textile over its Berisfords bid

BY LIONEL BARBER

Allied Textile Companies yesterday suffered a big setback in its £7m contested bid for Berisfords, the ribbon manufacturer.

Charter has now sold 2.97m ordinary shares and 18.9m "A" convertible preference shares, retaining an investment in the preference which will give it a 0.5 per cent ultimate equity stake after conversion.

Land Securities' profit advances 18% to £113m

Land Securities yesterday announced taxable profits of £112.9m for the year to March 31, 1986—slightly higher than the City had expected and 18 per cent up on last year's £95.6m.

PCT recovers £0.45m in claims from Coubro buy

PCT Group, the Glasgow-based power tools and welding equipment business, has recovered some £450,000 in claims arising from the acquisition of Coubro & Serrano, a hydraulic lifting company, last year.

KCA provision

KCA DRILLING Group, a Ross-hold subsidiary, increased pre-tax profits from £2.9m to £4.43m in 1985 on turnover ahead at £38.79m (£32.45m).

Kleinwort plans purchase

Kleinwort Benson, the UK's largest merchant banking group, is entering the UK life assurance market by taking control of an existing life company, Transinternational Life.

Receiver for E. Field

Edwin Field & Sons, the Hoddersfield-based rug and bathmat maker, established in 1862, has gone into receivership. The company employs 68 people, but the receiver from Price Waterhouse said possible purchasers had more approaches. He was hopeful a buyer could be found.



Advertisement for BTR. Text: 'IT'S NOT ONLY OUR FINANCIAL PERFORMANCE THAT PAYS DIVIDENDS'. Subtext: 'Investing in advanced technology and product developments keeps Dunlop sports equipment well ahead of the field.' Logo: BTR. Address: BTR PLC, SILVERTOWN HOUSE, VINCENT SQUARE, LONDON SW1P 2PL. Tel: 01-834 3848. Image: A Dunlop tennis racket.

Advertisement for Hawley Group. Text: 'Hawley Group, which has had its £145m bid for Pritchard Services Group rejected as inadequate, yesterday confirmed that it bought on Tuesday about 27 per cent of Pritchard's ordinary shares.' Text: 'The 31.16m shares were bought for 118p each—the value of the Hawley cash alternative. Hawley's total stake is now about 28 per cent. It previously held 1 per cent. The company said that these purchases are a clear indication that the market views the terms of the offer to be fair.'

LADBROKE INDEX table. Columns: Index Value, Change. Value: 1,320-1,326 (-20). Based on FT Index. Tel: 01-427 4411.

Public Works Loan Board rates table. Columns: Years, Quota loans repaid, Non-quota loans A* repaid. Rows: Over 1 up to 2, Over 2 up to 3, Over 3 up to 4, Over 4 up to 5, Over 5 up to 6, Over 6 up to 7, Over 7 up to 8, Over 8 up to 9, Over 9 up to 10, Over 10 up to 15, Over 15 up to 25, Over 25.

Advertisement for Montblanc Meisterstück. Text: 'MONTBLANC THE ART OF WRITING. MEISTERSTÜCK - the pride of the MONTBLANC Collection - is probably the most famous writing instrument of our times. Representing the best in design, it combines technical excellence and industrial styling - from the piston-filing system to the 14-carat gold nib and the gold-plated fittings. MONTBLANC MEISTERSTÜCK - a classic of the future.' Image: A Montblanc Meisterstück pen.

Granville & Co. Limited table. Columns: High/Low, Company, Price, Change, Gross Div, P/E, Fully Paid. Lists various companies like Ass. Int. Ind., Airspan, Arden, etc.

Advertisement for Executive Redundancies. Text: 'Executive Redundancies? For the Good News phone: Coutts - 01-839 2271. CAREER CONSULTANTS LTD.'

ISSUE NEWS

Mrs Fields set to become USM's biggest company

BY RICHARD TOMKINS

Mrs Fields, the US-based cookie store operator being floated on the unlisted securities market, today publishes the prospectus for an offer for sale which is set to make it by far the biggest company on the USM.

At the offer price of 140p a share, its market capitalisation will be £210m. The next biggest companies on the USM are Asprey, valued at £108.6m, and Blue Arrow at £88.6m.

Founded in 1977 by Mrs Debra Fields, now the 29-year-old president and chief executive, the company has shown rapid growth. Pre-tax profits have risen from \$401,000 in 1981 to \$6.8m (£4.4m) in the year to last December on turnover up from \$4.3m to \$72.6m. However, the expansion has

been accompanied by an equally rapid rise in borrowings, and interest charges soaked up over \$2m of profits last year.

Mrs Fields says the income from the flotation will enable it to repay a substantial proportion of its debts and accelerate its expansion in the US and overseas.

Some 29.7m shares are being offered, representing 20 per cent of Mrs Fields' share capital. Of these, 12m are new shares being sold by the company to raise £15.6m net, and the rest will come from Mrs Debra Fields and her 33-year-old husband, Randall, who is chairman and finance director.

Sponsors to the issue are J. Henry Schroder Wagg, the UK merchant bank, and Goldman

Sachs International of the US. The brokers are Cazennve.

For the current year Mrs Fields is forecasting a near three-fold increase in pre-tax profits to \$18.5m. This is a pro-forma figure prepared as if the proceeds from the flotation had been available for the whole of 1986.

On this basis the prospective price/earnings multiple is 18.7, a figure struck after a tax charge of 6 per cent. The tax rate is unusually low because the remaining 80 per cent of the company is held by MF Holdings, which in turn is 80 per cent owned by a company called Riverview with a substantial tax shelter arising from its other business activities.

See Lex

Waterford seeks US finance and quote

By Alice Rawsthorn

The Waterford Glass Group plans to add a New York quotation to its listings on the London and Dublin stock markets by issuing \$40m of American Depositary Shares on NASDAQ, the New York over-the-counter market.

Waterford Glass will enlarge its capital by 9.9 per cent by the issue of 21.4m new ordinary shares. The issue will be sponsored by Goldman Sachs and will be fully underwritten.

Given that the company has earned more than half its turnover from the US since the 1950s, it is keen to capitalise on awareness of its activities in the US but, because of tourist purchases, between 70 and 80 per cent of our output eventually ends up in American hands," said Mr Paddy Hayes, Waterford's chairman.

"Without a US quotation we missed the opportunity to benefit from the synergy between our standing in the retail marketplace and our prospects on the US stock market."

Proceeds of the issue—some \$40m or £28m—will be used to reduce borrowings. They stand at £30m but could be reduced to £10m if the proposed disposal of the loss-making subsidiary, the Smith Group, goes ahead. The company also plans to expand distribution in the US and to establish a retail base in Europe and the Far East.

Mr Hayes said: "We also have a long-term strategy of reducing our reliance on US earnings by 10 or 15 per cent. So far, thanks to active currency hedging, Waterford has been able to obviate the worst effects of the weakness of the dollar. In the 1985 financial year pre-tax profits rose by 10 per cent to £18.5m and in the first quarter of the current year by 57 per cent to £3.32m.

The effects of adverse currency movements may filter through to the 1987 results, although Waterford hopes to mitigate this by the combination of price rises in the US, improved productivity in Eire and reduced interest on borrowings.

Downturn in demand leaves TDS in loss

A SHARP downturn in demand, brought about by a reduction in orders for electronic components in the UK and most developed countries, left the TDS Circuits group £421,000 in loss at the pre-tax level for 1985-86.

The loss compares with profits of £2,666m, up from £1.71m, in 1984-85. The final dividend is being omitted (2.5p) leaving shareholders with 2p, down from 4.9p.

In their report the directors say the position for the past year (to February 28 1986) was made worse by a general reduction in stock levels and shorter lead times. The resulting drop in activity, they add, affected all sections of the group's business—especially the telecommunications and military areas.

Turnover for the first six months had been broadly in line with the previous year's but it fell sharply in the second half reflecting both lower selling prices and a decline in volume—sales for the year as a whole fell from £11.95m to £9.26m.

The loss was struck after taking account of interest and similar charges which amounted to £411,000, against a previous £29,000.

There was a tax credit this time of £192,000 (charge £102m) which left net losses

at £229,000, compared with profits of £1.64m, or losses of £3.27p (earnings 29.9p) per 5p share.

The group obtained a quote for its shares on the USM in June 1984.

● comment

Last year represented the nadir of the latest cyclical downturn in the printed circuit board industry so there were few raised eyebrows over TDS's figures yesterday. With the shares up 4p at 158p, investors have already forgiven the past and are looking to a rosier future. They may, however, have to be patient awhile yet: the pcb industry is indeed on an upswing, as was clear from recent statements from Freeswick and Circuprint, but the fire at TDS's factory cut production capacity to a third and will prevent the company from returning to profit in the first half. If the damage is repaired by the autumn, TDS should reap sufficient benefits from the upswing to show a modest profit for the full year, but anything more will have to wait 1987. With market forces favourable and TDS by then well placed to take advantage of the recovery, today's share price does not look unduly optimistic against the 380p flotation price of two years ago.

Chas Barker offer gives £30m valuation

Shares in Charles Barker, one of the oldest advertising agencies in the world, will go on offer to the public this week at 150p, to value the company at £30.2m. The full details of the offer for sale of 5m shares will be advertised tomorrow.

To coincide with the flotation, Charles Barker will be acquiring Norman Broadbent International, the headhunters, for an initial payment in shares of £3.2m.

Water issues

Two water companies yesterday announced medium dated debenture stocks. The Mid Southern Water Company is raising £3m through the issue of a 10 per cent redeemable debenture 1995-98. It has been priced at par and carries a yield to redemption of 9.991 per cent.

The Cambridge Water Company is issuing £3m of 10 per cent redeemable debenture stock 1995-98. The stock is priced at £100 and has a redemption yield of 9.999 per cent. Both stocks are £10 partly paid, and have been placed by Seymour Pierce.

Molynx raising £300,000 at deep 35p discount

Molynx Holdings, maker of closed circuit TV equipment, has announced a deeply discounted rights issue to raise £300,000 for expansion.

The company is the fourth undertaking in three weeks to avoid underwriting costs by heavily discounting the rights price. The others are the Prudential, Cater Allen and National Westminster Bank.

The money will be used to expand the company's working capital, and pay for refurbish-

ment of the group's main premises.

The company says that trading in the first four months of the year has been encouraging. Profits for the year 1985 were £243,000 (£122,000) on sales of £2m (£1.8m).

Terms of the issue are one-for-four at 45p, against last night's closing price of 80p. The company's directors, who own 29.5 per cent of the shares, will be taking up their rights in full.

Estates & Gen. debenture

Estates and General, the property investment and development company, is raising £5.5m through a debenture issue, which will be used to repay variable rate borrowings and reduce the group's interest bill.

Lazard Brothers is placing the stock which carries a coupon of 11.25 per cent and matures in 2018. The stock will be interchangeable with debentures of similar maturity issued in September last year.

The issue price is £109.89, of which £40 is payable on

acceptance, and the balance on August 29, to yield to redemption 10.2 per cent.

Witan placing

Witan Investment has placed £50m in nominal amounts of 8½ debenture stock 2018 at £98.283 with half payable at the beginning of next week and the balance on September 12.

Proceeds will be used principally to repay short-term bank borrowings.

The advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

Estates & General INVESTMENTS P.L.C.

(Incorporated under the Companies Act 1862 to 1985)

Placing of £5,500,000, 11-25 per cent. First Mortgage Debenture Stock 2018 at £109.890 per cent., payable as to £40 per cent. on acceptance and as to the balance by 29th August, 1986

Application has been made to the Council of The Stock Exchange for the whole of the above Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange, £550,000 of the Stock is available in the market on the date of the publication of this advertisement.

Listing particulars of the Stock are available in the Erel Statistical Service. Copies of such particulars may be obtained during normal business hours on any weekday (excluding Saturdays) up to and including 19th May, 1986 for collection only from The Company Announcements Office, The Stock Exchange, Threadneedle Street, London EC2, and up to and including 30th May, 1986 from the registered office of the Company at 51, Green Street, Mayfair, London W1Y 3RH, or from:

Lazard Brothers & Co., Limited 21 Moorfields, London EC2P 2HT

Parsons Gordon & Co. Limited 9 Moorfields Highway, London EC2Y 9DS

15th May, 1986

Baggeridge Brick slips to £0.57m

Despite adverse weather Baggeridge Brick increased its turnover by 3.7 per cent to £4.47m in the six months to March 31 1986. Profits, however, declined from £692,000 to £572,000 at the pre-tax level.

Interest arising prior to commissioning, on major capital projects is capitalised and written off over the estimated life of the asset acquired and during the period interest dealt with in this way amounted to £70,000 (nil). Depreciation took £119,000 more at £322,000. In all, the directors are anticipating another successful year and meanwhile are raising the interim dividend from 2.25p to 2.5p net per 25p share.

The group, based at Dudley in the West Midlands, manufactures bricks and supplies materials to the building industry.

J. Hewitt & Son (Fenton) P.L.C.

Manufacturers of domestic and industrial refractories, kiln furniture and electrical porcelain

	1985	1984	1983	1982
	£'000s	£'000s	£'000s	£'000s
Sales	7,717	6,304	7,427	4,970
Profit before tax	642	541	1,030	488
Profit retained	295	50	536	262
Earnings per share	11.4p	8.0p	18.3p	9.4p
Dividend per share	2.7p	2.4p	2.4p	1.6p

Extract from the Statement by the Chairman, David Hewitt:

Sales to date in 1986 are higher than those for the corresponding period in 1985 and production in all departments is currently running at increased levels. Further capital

expenditure has been sanctioned to provide additional capacities to meet forecast higher demands. I expect the results for 1986 will be better than those for 1985.

CLF COMBINED LEASE FINANCE PLC

£45,000,000

Acceptance Credit and Advance Facility

Managed by

N M Rothschild & Sons Limited

Provided by

- | | |
|---|--------------------------------|
| First Interstate Bank of California | N M Rothschild & Sons Limited |
| Manufacturers Hanover Trust Company | Yorkshire Bank PLC |
| Westpac Banking Corporation | A P Bank Limited |
| Allied Irish Investment Bank plc | Henry Ansbacher & Co. Limited |
| Australia and New Zealand Banking Group Limited | Banque Paribas (London) |
| The British Linen Bank Limited | Crédit Agricole, London Branch |
| Crédit Commercial de France, London Branch | Singer & Friedlander Limited |



Agent: N M Rothschild & Sons Limited

May 1986



THREE MONTHS' REVIEW

ASSURANCE

Strong profit improvement

- ★ Improvement of £30m in unaudited operating profit before tax.
- ★ Shareholders' funds increase substantially following strong investment performance.
- ★ United Kingdom continues to make good progress despite severe winter weather.
- ★ Substantial rate increases and our previous actions in the United States start to benefit results.
- ★ Growth of life business.

MAIN FEATURES OF RESULTS

	3 months 1986	3 months 1985	Year 1985
	Unaudited £m	Unaudited £m	Actual £m
Total premium income	714.1	694.7	2,306.0
Operating profit/(loss) before taxation	12.4	(17.5)	.2
Taxation and minorities	(7.5)	(4.2)	(31.6)
Realised investment gains	15.6	.6	59.9
Profit/(loss) attributable to shareholders	20.5	(21.1)	(30.5)
Earnings per share	4.97p	(5.11)p	(7.40)p
Shareholders' funds	£1,336m	£1,005m	£1,161m

	£m	£m	£m
Operating profit/(loss) before taxation	11.5	3.0	71.5
United Kingdom	(7.1)	(31.7)	(119.6)
United States	9.6	8.7	38.8
Netherlands	2.0	1.0	5.6
Canada	(3.6)	1.5	3.9
Rest of the World	12.4	(17.5)	.2



Commercial Union Assurance Company plc

UK COMPANY NEWS

Dupont^{plc}

Annual Results

■ Pre-tax profit increased by 123%

■ Dividends up 107%

Year ended 31st January	1986 £000's	1985 £000's
Turnover	62,648	66,545
Profit before tax	5,447	2,447
Ordinary Dividends per share:	P 2.75	P 1.33

"Swish" curtain systems and building products; "Vi-Spring" beds; computer services; ferrous castings, forgings and plastic products.



The Annual Report will be available from: The Secretary, Dupont plc, Sedgley Road East, Tipton, West Midlands DY4 1UU.

General Accident motor premiums to rise by 9%

General Accident, the UK's leading motor insurer, is to increase its motor premiums again next month by between 8 and 9 per cent. The announcement was made with the release of its figures for the first quarter of 1986 showing that underwriting losses on the UK motor account increased from £7.7m to £9.7m.

The move follows increases of between 5 and 7 per cent in February and of up to 8.2 per cent in October last year. The action was considered necessary by the continuing high claims frequency.

The motor account and the worse-than-expected losses on the UK weather account were the only problem areas in a period when the composite insurance company reported pre-tax profits of £3.1m, against losses last time of £1.1m. The comparable figures have been restated at rates of exchange on December 31 1985.

Premium income rose from £471.1m to £539m and there was also a rise in investment income to £66.1m (£57.1m) with

a fall in overall underwriting losses of £77.7m (£68.5m). The result was at the top end of analysts' expectations but in a falling market the shares were down 11p to close at \$41p.

Mr Buchan Marshall, chief general manager, says there were good improvements in overall performance in the US and Canada and in most of the major territories the trends were in the right direction.

Seasonal weather claims totalling about £18m in the UK showed no improvement on the previous year, particularly in the Homeowners' account where the deficit increased by a third from £10.3m to £13.7m despite an increase in premiums.

However, overall, the UK underwriting deficit was almost halved at £3.5m against £10.4m, benefiting from higher rates and reduction in large industrial fire claims.

A marked improvement in

commercial business in the US helped cut the underwriting loss from £32.1m to £26m where premiums rose to £187.2m (£185.7m) and in other territories the improved result in Canada, losses down to £4.8m (£7.2m), contributed to a fall of £4.2m to losses of £10.5m. The Canadian figure included a loss of £900,000 for pilot insurance of Canada, acquired in January this year.

Directors say the increase in investment income reflected an underlying growth rate of 9.4 per cent.

Profits from long-term life rose to £2.9m (£2.2m). Net annual premiums in the UK were almost unchanged at £5.8m. Single premium business was £5.1m against £3.1m last time, which had been boosted by the launch of the group's unit-linked operation during the period.

The pre-tax figure was struck after interest charges of £400,000 (£500,000). The tax charge was £4.2m (£9.3m). See Lex

CU back to profit with £12m

ALMOST QUADRUPLED profits in the UK and a huge reduction in the loss from the US has enabled Commercial Union Assurance to turn round its pre-tax result by £30m in the first quarter of 1986.

Profit for the period has come to £12.4m, compared with a loss of £17.5m last time. The UK account for £11.5m (£3m), the Netherlands £9.8m (£3.7m) and Canada £2 (£1m), while the US loss was reduced to £7.1m (£31.7m) and the Rest of the World went into a loss of £3.6m (profit £1.5m).

Mr Tony Brend, CU's chief executive, says the progress reflects action taken in the past, particularly in the US, the benefits of which are beginning to show through in results.

There is still a shortage of capacity in the US market and strong premium rate increases are continuing to be achieved.

Total premium income rose from £695m to £714m an underlying growth rate of 11 per cent after adjusting for exchange rates. Distribution of this in the quarter (in percentages) was UK 32, US 23, Netherlands 24, Canada 6, and Rest of the World 10.

Non-life premium income rose £2.5m to £522.9m and the underwriting loss was reduced from £99.9m to £63.6m. Life premium income was up to £191.2m (£174.6m) and profit to £18m (£18.7m), an underlying growth rate of 5 per cent.

Investment income, net of loan interest, totalled £56.1m, compared with £64.9m. Mr Brend says the value of investments has grown substantially in recent months and CU shareholders' funds are 30 per cent higher than a year ago at nearly £1.34bn, which represents a solvency margin of 75 per cent.

Continued improvement in the UK result was reflected across most classes of business, with commercial lines showing the greatest increase. Operating ratio was reduced to 109 (113.9) per cent and the underwriting loss fell to £16m (£21.2m).

Investment income showed underlying growth of 19 per cent and life profits were 6 per cent up at £8.5m.

In the US the underwriting loss was reduced to £34.8m (£65.5m). Investment income declined marginally after adjusting for exchange rates, reflecting the reduced size of the group operation. Control over expenses continues to be effective, and the expense ratio was 2.7 percentage points lower than for the same period of 1985.

The claims ratio to premiums earned was 86.5 (93.3) per cent, and the expense ratio to premiums written was 30.1 (32.8) per cent.

After tax and minorities £7.5m (£4.2m), the overall net operating loss for the first quarter came to £4.9m (loss £21.7m), equal to 1.19p (loss £2.6p) per share. Taking in investment gains of £15.6m (£600,000) gives a further 3.78p (0.15p) per share. See Lex

Ultramar profits halved to £18m in first quarter

BY TERRY POVEY

Ultramar, the independent oil production and exploration company which has developed significant refining and retailing capacity in Canada and the US and liquid natural gas production in Indonesia, yesterday announced net profits of £17.8m. This is less than half the £46.4m last time in what is traditionally its best quarter.

In March, the company announced it was cutting capital expenditure from a planned £165m to £98m. With spot prices for oil still depressed, North Sea Brent blend was yesterday quoted at about \$15.60 a barrel. Mr Lloyd Bensen, chairman, said the group's 1986 objective was to "maximise our immediate cash flow."

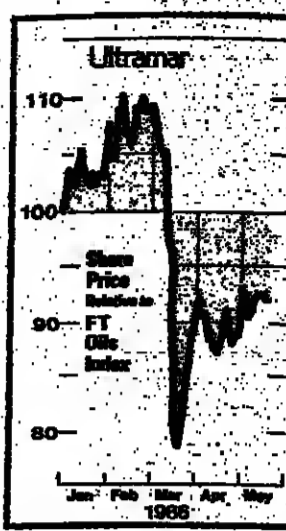
In the first quarter, cash flow from operations totalled £45.6m, against £32.9m and £185.4m for last year as a whole. Mr David Elton, group executive director and marketing coordinator, said that further small reductions in the capital expenditure programme might be made if cash flow fell below expectations.

"The objective is for cash flow, after dividends, to cover capital expenditure and scheduled loan repayments," the chairman said.

The capital expenditure now scheduled for 1986 is aimed at "drilling and developing reserves that can be brought into production in the short or medium term," according to Mr Bensen.

In the first quarter, Ultramar had sales of £628.7m (£630.4m). The fall mainly reflected lower oil prices as sales of refined products and crude oil was steady at 304,800 barrels per day and gas production at 434,600 thousands of cubic feet per day.

Interest payments on the group's £209.6m net short-term debt, up from £128.5m at the December 31 year end, were £16.6m (£15.4m). Long-term debt was steady at £315.5m (£103.6m) with tax of £40.6m (£27.2m) and minorities of £2.4m. Earnings per share were 6.5p (17.1p).



comment
Ultramar's statement makes it very clear that the battle is all about cash flow. Hence the figures that matter on the debit side are simplified to two—

capital expenditure (including the £90m paid for Gulf Canada assets) and the level of the dividend payout. It is hard to see how the sum of these can be kept under £280m: if the dividend total is to be maintained at 10.5p. Last year the group generated some £185m in cash and analysts are forecasting around £150m for 1986, which suggests that the national 1986 target is beyond reach. The contribution from the Gulf Canada assets is helping to ameliorate the drop in cash flow from oil and gas but the new business is seasonal and one of its two good quarters is already behind it. The best hope for bridging the £80m cash gap (and this could be larger if any debt repayments fall due) has to be reduced working capital demands as oil prices stay low or even drop further. With most of the expensive crude now washed through the system, the stock rebuild costs should be falling off as the year progresses. Hence it is just possible that Ultramar could balance the cash book—but it will be a very tight fit. Forecasts for the year are for £40m net, assuming an average \$20 a barrel price and the main interest in the shares, 10p down at 180p, has been generated by Ron Brierley's recently acquired 8 per cent—all bought just below the 200p mark. The grin on the Antipodean cat might disappear if the dividend had to be cut.

Ultramar

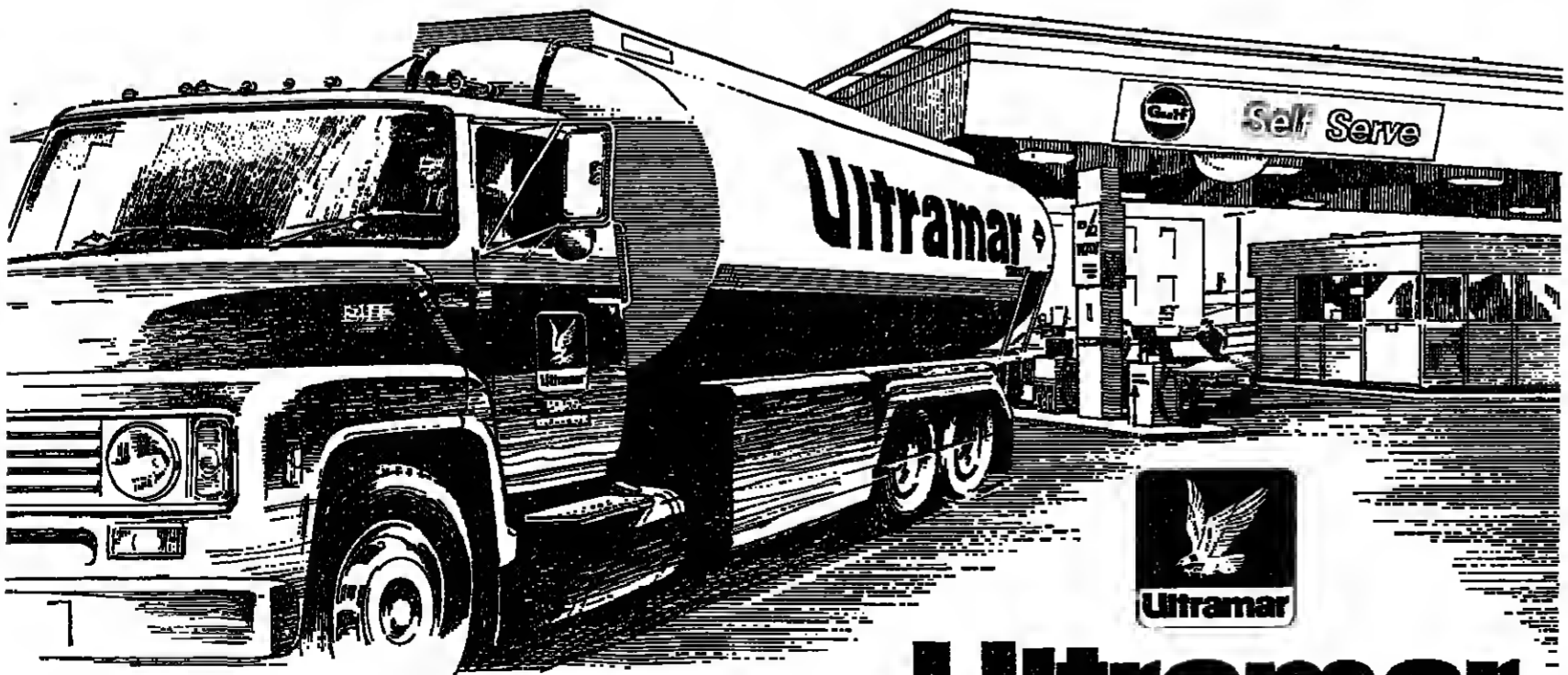
FIRST QUARTER
1986

ADAPTING TO LOWER OIL PRICES

- Cash flow holds up well at £45.6 million
- Eastern Canadian marketing performs well following acquisition of Gulf assets
- Quebec refinery operates at high capacity level
- Indonesian LNG prices maintained in first quarter but since substantially reduced
- Cost reduction measures taking effect
- Capital expenditure programme cut by 40%
- Second quarter likely to be weak but balance of year looks more promising

SUMMARY OF FINANCIAL RESULTS	First Quarter 1986 £million	First Quarter 1985 £million	Year 1985 £million
Turnover (Sales Revenue)	628.7	820.4	2,357.8
Operating Profit before Taxation	60.8	103.6	265.7
Operating Profit after Taxation	20.2	46.4	96.0
Net Profit attributable to the Group	17.8	46.4	71.6
Cash Flow from Operations	45.6	69.2	185.4

OPERATING RESULTS	First Quarter 1986	First Quarter 1985	Year 1985
Sales of Oil (barrels per day)	304,800	308,400	248,900
Oil Refined (barrels per day)	97,200	75,600	85,100
Oil Produced (barrels per day)	31,000	31,400	31,000
Gas Produced (thousands of cubic feet per day)	434,600	432,200	413,400
Gross Wells drilled	93	86	339
Oil and Gas Wells completed	61	59	197



Gasoline delivery to one of the recently acquired Gulf service stations in Eastern Canada.

Ultramar

Morgan House, 1 Angel Court
London EC2R 7AU

For a copy of the Report for the First Quarter 1986 please write to the Company Secretary at the above address or to Ms. R. Brenner, American Ultramar Limited, 120 White Plains Road, Tarrytown, New York 10591.

L & G improves

Sir James Ball, chairman of Legal and General, told the AGM that the company's UK general insurance underwriting had improved in the first quarter of 1986.

There had been substantial weather claims in the early part of the year, but the cost of these claims was only two-thirds of 1985 figure and premium rate increases had further improved the position.

The underwriting loss from UK general insurance operations for the first quarter of 1986 was estimated at £5.5m compared with £13.5m in same period in 1985.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div. year	Total last year	Total year
Baggeridge Brick Int.	2.5	Aug 12	2.25	—	6.88
Brenner	nil	—	0.5	0.5	1
External Trust	8.5	July 14	6.5	14.5	12
Land Securities	6.9	July 10	5.55	9.3	8.15
NSS News	1.6	July 10	1.5	—	3.6
Ramco Oil	0.45	July 4	0.45	0.7	0.7
TDS Circuits	nil	—	2.9	2	4.9
Abbey Crest	1	—	nil	—	nil
Asda Property	3	July 1	—	3	—
Gieves	2.3	July 1	2	3.3	3
Henderson GP	4.5	July 14	3.75	7	6
KCA Drilling	nil	—	1.5	1.5	2
Nth Midlands Corp Int	nil	—	nil	—	0.3

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

From satellites to coal shovels

One thing's certain. PacifiCorp isn't your typical American electric utility. True, our Pacific Power & Light Company is the largest electric power company in the Northwestern United States. But our diversified companies are also engaged in businesses from telecommunications to mining and financial services. Our 87 percent interest in Pacific Telecom makes us a major player in U.S. telecommunications ranging from local and long distance service to non-regulated activities. Our 90 percent of NERCO puts us among the top ten U.S. coal companies, supported by a billion tons of reserves. And also ranks us as one of the largest U.S. producers of gold and silver. And now we're moving strongly into financial services with our PacifiCorp Credit and PacifiCorp Finance units, which provide leasing and lending services to other businesses. Today, almost half of our nearly \$2 billion annual sales come from our diversified activities. PacifiCorp. Our growth is powered by diversification. In electricity. In mining. In telecommunications. In asset-based leasing and finance. For further information, please write Steve Rafoth, vice president, PacifiCorp, 851 S.W. Sixth Avenue, Portland, Oregon 97204. U.S.A.



UK COMPANY NEWS

Garage door competition hits Henderson profits

UNEXPECTEDLY harsh trading conditions in the garage door business, operating difficulties in Normand, the electric motor and gearbox side, and currency losses have combined to reduce the Henderson Group's pre-tax profit from £5.8m to £3.2m in the year ended March 1 1986.

Abbeycrest advances to £629,000

With turnover rising from £3.99m to £5.5m in the half year ended February 28 1986, Abbeycrest has lifted its pre-tax profits from £472,000 to £629,000.

Static profits for Gieves

INCREASED development expenditure at its international licensing and exporting subsidiary has left Gieves Group with slightly lower pre-tax profits of £1m for the year to end-January 1986, against £1.01m previously.

Tate asked to explain Berisford bid leak

The Takeover Panel has asked Tate and Lyle, the UK sugar refiner, to explain how details of its conditional £478m offer for S and W Berisford, the commodity trading group, leaked to newspapers.

Rationalisation helps NSS to £4m midway

CONSIDERABLE benefits generated from the rationalisation and groundwork undertaken last year and the early Easter are reflected in the first half results of the NSS Newsagents group.

Bremner £0.4m in loss but set for a return to profit

BY JOHN MURRELL
Bremner, the Glasgow store operator which has experienced a decline in profits from £62,000 in 1980 to a near break-even £5,000 in 1985, ran up a loss of £421,000 in 1985-86 and is passing its final dividend.

UK ECONOMIC INDICATORS

Table with columns for month, manufacturing output, retail sales volume, registered unemployment, and unutilized capacities. Includes sub-tables for output, trade, and earnings.

Table with columns for month, M0, M1, M3, and FT*. Includes sub-tables for output, trade, and earnings.

Cadbury sale

Cadbury Schweppes, the confectionery and soft drinks group, has reached a preliminary agreement to sell its 75 per cent stake in its Swedish subsidiary Cadbury Slotts, to Marabou AB, Sweden, in a deal worth between £4m and £4.5m.

Chief executive for Montagu Investment

Mr Peter Axten will be joining the investment banking sector of MIDLAND BANK GROUP as chief executive of its newly-created investment management company, Montagu Investment.

Will your ideas lose their freshness in the search for venture capital?

Advertisement for Cardiff Consortium featuring a photograph of a document titled 'BUSINESS PLAN' and text describing the search for venture capital.

Table with columns for month, Earnings, Basic mat., Whseal, RPI, and FT*. Includes sub-tables for output, trade, and earnings.

Advertisement for The Cambridge Water Company, including details on bond placement and application for shares.

Advertisement for Mid Southern Water Company, including details on bond placement and application for shares.

TECHNOLOGY

Images get fast food treatment

THE image-making processes of photography, film and television have for long had an odd affinity with the fast food business. Both serve not only a huge consumer market forever hungry for something new, but also an impatient public that never acknowledges W. H. Davies' lines "What is this life if full of care. We have no time to stand and stare?"

There is now a strongly identifiable trend in camera media to imitate the success of the fast food business by producing instant results. At all costs, it seems, the customer must not be kept waiting. The success of the Polaroid camera—which traded quality and economy for instant pictures—has been one notable example, and Polaroid's failure to do the same with its Polarison movie film (a system that was dropped as quickly as it came in the 1970s) was due as much as anything to the arrival of video-tape recording.

Compared with conventional silver image processes, however, instant photography and video have always suffered from one substantial disadvantage. They cannot offer the sharpness, image enlargement, and duplicating quality of an original still or movie negative.

In addition the advantage of the new media—speed of results—is now being eroded by conventional still photography. And with Kodak forced out of the instant photography business by Polaroid's successful lawsuit, it is no surprise to find it doing some of the trail blazing.

The challenge is appearing in a number of busy retail centres and high streets under such names as Supercolour, Bonus Prints, and most recently On-the-Spot. These are the new generation of mini-labs, which employ conventional photographic processes to reduce the "24 hour" developing and printing (D and P) service to less than 24 minutes—not much longer, indeed, than it takes to order and eat at McDonalds.

Essentially, the mini-lab will process conventional silver halide emulsions and produce

colour enlargements on paper in much the same way as the 24-hour D & P service. There is no fundamental breakthrough in photographic technology comparable to the instant colour prints from a Polaroid camera; simply, instead, a refinement of well-established processes in order to automate and speed up the cycle.

The colour enlargements which can emerge from a mini-lab 24 minutes after the exposed roll of film entered the shop are of a quality that even professionals find acceptable; and prints up to 14 in x 11 in are available for under £5. This happens through the automation of a complex laboratory process in a small unit that shop assistants can operate easily. As a result, mini-labs are beginning to spring up all over the UK and other countries, sometimes even tucked away in the corner of department stores.

FILM AND VIDEO

By John Chittlock

The early success of mini-labs is attracting the high street entrepreneurs in much the same way as video did in the early 1980s. Over 280 in separate outlets exist in the UK, and seven in Ireland. These are additional to 200 units of an earlier and less sophisticated French system.

The man behind the Irish chain, Mr Michael O'Neill, exemplifies how the mini-lab is attracting businessmen who previously had no commitment to photography. Mr O'Neill is a successful shoe manufacturer who spotted the commercial potential in mini-labs. He has now opened one in Manchester under the name City Photo, and in the next few weeks comes to London with one at the Trocadero and another in Regent Street.

Kodak—pushed out of

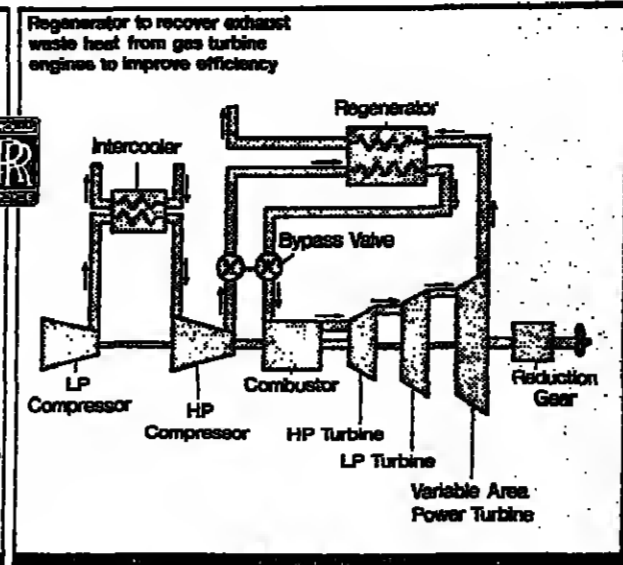
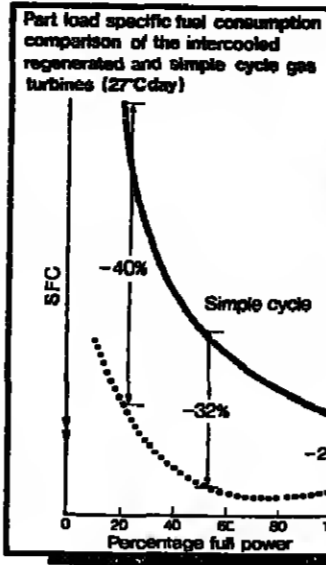
instant photography by Polaroid's lawsuit—has a straight business investment in Mr O'Neill's UK City Photo chain and is also supplying mini-lab equipment along with materials.

Although Kodak is not the only photographic materials manufacturer applying mini-labs, the business represents for the company part of a wider strategy to gear up traditional photography to compete with the new media. Thus Kodak's recent return to the marketing of 35mm still cameras—but this time very different from its classic Retina, which was a thinking man's camera, the new Kodak range really fulfils George Eastman's 19th century slogan "you press the button, we do the rest."

The new trend to simplicity and speed is being achieved without a trade-off in quality loss once unavoidable in the photographic process. Along with the mini-labs and the compact 35mm camera, Kodak has introduced a new range of colour film emulsions—named Gold—which provide greater room for exposure error without loss of colour fidelity.

Kodak's challenge to the new media is thus spreading across all fronts—first it was quality, then price and convenience, and now speed and simplicity without sacrifice. The company is of course bedding its bets through the recent adoption of video products, and City Photo's mini-lab in Regent Street will also offer movie film-to-video transfer services.

It takes only £50,000 to £100,000 to set up a mini-lab at an existing site and one estimate reckons that by 1988 over 25 per cent of all colour negative film will be processed in such establishments. For the mini-lab operator, this is not simply a seasonal business relying on holiday snaps; Michael O'Neill estimates that 40 per cent of his turnover comes from local businesses—in for example 430 estate agents in Manchester, many of which regularly need the service.



Chase for greater efficiency when navies step off the gas

Ian Rodger on a solution to the uneven fuel consumption of warship jet engines

EVER SINCE the mid 1960s when the world's navies became enthusiastic about putting jet engines in their large warships, they have been trying to find ways of operating these engines economically at both low and high speeds.

The problem is that a simple cycle gas turbine's efficiency plunges when its power is cut and so fuel consumption rises dramatically (see chart).

Some navies have got around the problem by installing small turbines or diesel engines for cruising and large ones for operating at high speed. The US Navy puts two identical turbines on each shaft, operating only one of them for low speed cruising.

Two years ago, a proposal was made for a single turbine which could operate economically at both high and low power. The US Navy is interested in the idea for replacing engines in many of its large warships. It has since given preliminary design contracts to General Electric of the US and a consortium consisting of Allison Gas Turbines and Garrett AIResearch of the US and Rolls-Royce of the UK.

The concept that both groups are working on, called ICR (intercooled and regenerated cycle) is not new, but has seldom been exploited because of the cost of installation and the bulk it adds to a gas turbine.

Basically, the method involves using two heat exchangers for the air passing through the turbine. The first, using seawater as a coolant in the warship application, is inserted between the two compressor stages. The idea is that less power will be needed to drive the second compressor stage if the air is cooler, and thus fuel consumption will be reduced.

A genetic shake-up of Europe's major crops

A CONSORTIUM of 15 academic and industrial organisations has just launched an ambitious pre-competitive research programme which could dramatically affect the price and quality of our food in the mid-1990s. Over the next three years they hope to design a plant gene "tool-kit" and user's manual, permitting the user to make radical changes in the genetic make-up of some of Europe's more valuable crops.

The initiative itself is British, mounted by the Laboratory of the Government Chemist in London where Dr Ron Coleman, as Government Chemist, doubles as the Government's chief adviser on biotechnology.

The 11 companies include such multinationals as Royal Dutch/Shell, Unilever and Ciba-Geigy. Four of them are minuscule biotechnology start-ups, some US-owned. The four academic institutions are the Plant Breeding Institute and the John Innes Institute, both of the Agricultural and Food Research Council, and the universities of Durham and Warwick.

It has taken Dr Keith Cowey a year to forge this union of very disparate interests, since he was seconded by British Petroleum to the "think-tank" of advisers who counsel Ron Coleman on biotechnology. Among his problems have been reconciling the commercial interests of very different kinds of company, and picking the academic teams most likely to succeed.

Companies pay the same, regardless of size, about £50,000 a year. The Government doubles the money, providing a total of £3m for the three-year programme. Still more to the point, the companies have harnessed the expertise of about 40 British academics—perhaps 70 per cent of the nation's expertise in this area of plant science.

The research will be done in the four academic institutions, overseen by a programme manager now being recruited for the task. When he arrives he will find most of the cash has already been allocated to the three projects agreed by the consortium, except for £300,000 retained for contingencies. "We can't hope to get it all right now," acknowledges Dr Cowey.

If the programme eventually succeeds it will have established "enabling technology" to allow any user of the plant gene tool-kit to make gene transfers within crop plants a routine procedure. The 11 companies will then be free to exploit this enabling technology in any way they wish—perhaps to grow peas more resistant to weather or pests in the case of a big food company, or to develop into a specific technique which can be licensed to third parties in the case of a start-up.

The programme focuses on four crops of particular interest in Europe: wheat, barley, peas and oil seed rape. Other crops were rejected as being of less importance, even though—in the case of potatoes by the Rothamsted Experimental Station—techniques were already partly worked out.

The first and biggest of the three projects aims to establish transformation and regeneration systems for all four chosen crops. "We're trying to turn the art of tissue culture into a science," says Dr Cowey. Dr Richard Flavell at the Plant Breeding Institute is leading

the three projects are therefore closely inter-related. Dr Cowey categorises it as "basic applied research," suggesting a significant risk that it will fail. But the academics, in joining the consortium, have waived no rights to publish their research. They have agreed only to submit publishing plans and patent applications first to a consortium committee to ensure the protection of group rights.

The consortium provides a "critical mass" of effort focused on to the problem which no one organisation seemed willing to assemble itself.

But the very fact that such a programme has begun indicates success on one count: the agricultural industry has been persuaded to take a long-term view of its needs.

Dr Cowey also believes that the fact that 11 companies will all have their own ideas for exploiting the genetic tool-kit, should it materialise, will prove a great encouragement to fast technology transfer.

Lovell
BICENTENARY
Two centuries strong and building
1786 1986

this project, although Professor Don Bolter at Durham has made good progress with rice, and the John Innes Institute with peas.

Success for this project will come if the three steps of modifying plant tissues, designing DNA into its cells efficiently, and selecting the desired improvement in properties can all be accomplished on a routine basis for all four crops.

The second project concerns genetic engineering. It aims to isolate the gene that controls the storage of energy or the process of photosynthesis, for example—and test such plant genes to ensure that the isolated and reconstructed genes can be expressed (replicated) by biotechnology methods.

The idea is to use the "gene cassettes" produced by this project to transform the four crops, using the technology developed in project 1. It will focus particularly on the genetic engineering of seeds, because it is seeds or grains which are normally harvested. But it may turn out that in order to modify plant growth the new gene products have to be inserted into specific parts of the plant's cells, such as the chloroplasts, where photosynthesis takes place.

As in the case of project 1, project 2 involves the Plant Breeding Institute, the John Innes Institute, and Durham University.

Warwick University researchers led by Professor John Ellis are the prime movers in project 3, which relates closely to project 2 but aims to put the genes more precisely into a part of a plant cell responsible for a particular function. Warwick University and the John Innes Institute have already had some success with peas and believe their techniques are not species specific. If this proves the case, it could afford an efficient way of bypassing the overall control of a plant cell, making desired genetic modifications.

As in the case of project 1, project 3 involves the Plant Breeding Institute, the John Innes Institute, and Durham University.

OUT OF THE BACKROOM

By David Flatlock

Warwick University researchers led by Professor John Ellis are the prime movers in project 3, which relates closely to project 2 but aims to put the genes more precisely into a part of a plant cell responsible for a particular function. Warwick University and the John Innes Institute have already had some success with peas and believe their techniques are not species specific. If this proves the case, it could afford an efficient way of bypassing the overall control of a plant cell, making desired genetic modifications.

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MINNET OLYMPIC AWARDS

Results for 1985

Brokerage	up 15 per cent	£78 million
Profit before taxation	up 29 per cent	£30 million
Profit after taxation	up 34 per cent	£16 million
Earnings per share	up 37 per cent	21p
Dividends per share	up 23 per cent	5p

The Minnet Group reports a record breaking performance in 1985 against a background of dramatic changes in the key insurance markets of the world in terms of premium levels and market capacity.

"One of the greatest challenges for the Group during the next few years will be to secure adequate and financially sound market capacity to meet our worldwide clients' needs... I am confident that the Group is well positioned to cope with these problems.

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Chairman

Minnet One of the world's major insurance broking groups

BUSINESS IN EUROPE



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- BELGIUM, BRUSSELS SHERATON HOTEL & TOWERS
- DENMARK, SHERATON COPENHAGEN HOTEL
- ITALY, SHERATON ROMA HOTEL
- LONDON, BELGRAVIA SHERATON SHERATON HEATHROW HOTEL SHERATON PARK TOWER HOTEL SHERATON SKYLINE HOTEL
- LUXEMBOURG, AEROGOLF SHERATON HOTEL
- NORWAY, SHERATON HOTEL OSLO FJORD & TOWERS
- PORTUGAL, LISBON SHERATON HOTEL
- SCOTLAND, EDINBURGH SHERATON
- SWEDEN, SHERATON STOCKHOLM HOTEL & TOWERS
- SWITZERLAND, ATLANTIS SHERATON HOTEL (ZURICH)
- TURKEY, ISTANBUL SHERATON HOTEL & TOWERS
- WEST GERMANY, ESSEN SHERATON HOTEL
- FRANKFURT SHERATON HOTEL
- MUNICH SHERATON HOTEL & TOWERS



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LAW AND SOCIETY

Lord Hailsham embraces unavoidable reform

By A. H. HERMANN, Legal Correspondent

NOW THAT Lord Hailsham, the Lord Chancellor, has embraced the main propositions of civil procedural reform...

As so often, change on this front comes about only because of a lack of resources. A parable illustrates that truth: there is a little island in the Adriatic which was covered by dense forests at the time when the Venetians took possession...

Similarly, the legal profession has thrived on the lush procedures of the English legal system. As the dispute between the Lord Chancellor over legal aid fees indicates, money is getting short...

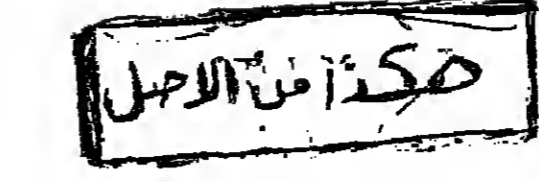
Giving a wider application to the ideas first developed by the Commercial Court Committee, and later by his own departmental committee on personal injury litigation, Lord Hailsham outlined the perspective of a far-reaching reform of civil procedure...

As Lord Hailsham said in another context: "There is a tendency, common to all institutions, to make much of their own distinct features and to emphasise their separateness by elaborating exotic ways of doing things..."

Lord Hailsham also touched on the issue of specialist courts which might be needed where succeeded in convincing themselves that theirs is the best system possible...

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Fund Managers, and others with their respective details and prices.

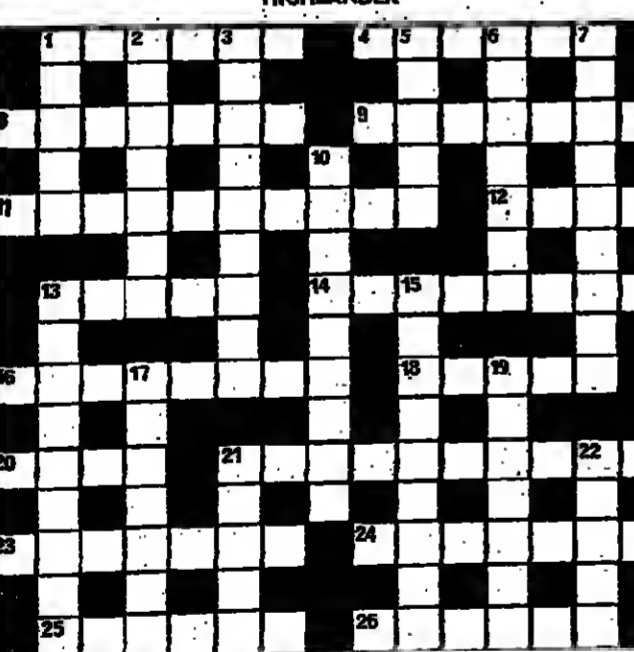


FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service listing numerous unit trusts, their managers, and performance data.

Vertical text on the left margin: "OUT OF THE BACKROOM" by David Fabian

F.T. CROSSWORD PUZZLE No. 6,022



- ACROSS
1 One month with bearing aid in a long time (6)
2 The pen left to us was once used by old writer (6)
3 Alternatively, could be at home on different dates (7)
4 A badge pack can take another form (7)
5 Limited time spent working after midnight (5, 5)
6 The bank is coming back about it (4)
7 Duct made of tin and aluminium (5)
8 Slowmoving French delicacy, says letter with consignment (6)
9 Will go-go dancing provide what Dolly needs (8)
10 Woman graduate takes mother anyway (5)
11 Further (point) about American cat (4)
12 Attractive yellow people in part of South Africa (10)
13 An award for waste? (7)
14 Fiercely criticised about transport (7)
15 Not a way-out dish (6)
16 Put bet on daughter being supported (6)
17 Material put in dugout? (6)
18 Language spoken around Naial is hybrid (7)
19 Who tabled an amendment to the dispatch? (5, 4)

THE Franco-British Round Table on the Drafting of Statutes, reported in this column on May 1, was sponsored by the Institute of Advanced Legal Studies.

Advertisement for The Financial Times proposing a survey on Corporate Communications on Tuesday 27 May 1986. Contact: Nina Jasinski on 01-248 8000 ext 4611.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various unit trusts and insurance policies with columns for company names, fund names, and numerical values.

INSURANCES

Table listing insurance companies and their respective policies, including details like policy numbers and terms.

Handwritten text at the bottom of the page, possibly a signature or date.

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds, including company names, fund names, and numerical values.

Table listing various money funds, including company names, fund names, and numerical values.

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TRADITIONAL OPTIONS

Table listing traditional options, including 3-month call rates and various option types.

NOTES

Notes section containing various financial notes and disclaimers.

Money Market

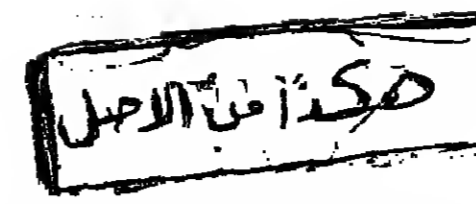
Table listing money market instruments and their values.

Trust Funds

Table listing trust funds and their values.

Money Market Bank Accounts

Table listing money market bank accounts and their values.



COMMODITIES AND AGRICULTURE

Wages under siege as US metal industry seeks cost reductions

BY DAVID OWEN IN CHICAGO

THE ALLING US metals industry is approaching the summer with considerable trepidation as the labor contracts in the copper and aluminum sectors come up for renewal.

Idle. In both cases, the US has effectively become the world's "producer". Financial returns have fallen sharply. Combined 1985 losses at the three big US aluminum producers total almost \$500m.

course these levels are unacceptable," he adds. No opening gambit has yet been offered by troubled Alcoa.

For immediate supply. If, as anticipated, traders have covered themselves against a possible strike by buying call options at fixed prices for June delivery, a scramble could be triggered should the option granters need to secure cover.

Table with 3 columns: Producer Name, 1985 Net Income (millions of dollars), 1984 Net Income, 1983 Net Income.

ALUMINIUM Net Income (millions of dollars) 1985 1984 1983. Alcoa (184.5) (97.4) (50.2). Kaiser (16.6) (25.6) (17.2). Reynolds (291.4) (137.3) (99.1).

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UK aluminium smelters more optimistic

BY ANDREW GOWERS

BRITAIN'S ALUMINIUM industry is making a determined effort to pull itself out of the doldrums, despite the stagnation of aluminium prices in the London Metal Exchange in recent weeks.

second quarter of this year by more than 10 per cent, or about £100 a tonne.

Yet the LME seems largely unmoved—much to the chagrin of the producers. Prices have risen substantially from last year's levels in dollar terms, but they seem stubbornly low in sterling.

"Supply is running below demand, stocks are coming down and demand looks set fair to keep growing. Yet the LME is still contemplating its dail in the wake of the tin crisis."

Tax plans anger Danish farmers

BY HILARY BARNES IN COPENHAGEN

PLANS BY Danish pig producers to increase production from 15m to 18m pigs a year over the next two years have been undermined by lack of political support for farming, say farmers' leaders.

tabled by an alliance of centre left parties and do not have the support of the minority non-socialist Government.

price deal, which for Danish farmers will mean an effective price fall of about 10 per cent.

N. Zealand wool exports fall

Lower on-farm production resulted in the drop in exports, Reuters reported.

A stronger NZ dollar reduced the value of wool exports to NZ\$955m in the nine months compared with NZ\$1,089m in the same 1984-85 period.

Sri Lankan tea price at 3-year low

THE RECENT fall in Sri Lankan tea prices which has taken them to the lowest level for three years has been mainly due to over-supply in world markets, not guerrilla activity in Sri Lanka, according to Mr Ronnie de Mel, the country's Finance Minister, reports Reuters from Colombo.

was still having an effect as stringent tests on Sri Lankan tea in importing countries were causing delays in clearing shipments and therefore discouraging buyers.

ing power of Middle Eastern oil producing countries which had become the largest tea consumers in the world.

Exports to the USSR, the second largest market, rose to 20,223 tonnes against 12,695, while those to China fell to 15,554 tonnes from 29,098 and to Japan to 15,311 tonnes against 28,336.

LONDON MARKETS

THIS WEEK'S sharp decline in coffee prices was reversed yesterday reflecting a sharp rebound in sentiment in the New York market.

Aluminum prices were steady in London, with a slight decline in the US market.

Copper prices were steady in London, with a slight decline in the US market.

Lead prices were steady in London, with a slight decline in the US market.

Nickel prices were steady in London, with a slight decline in the US market.

Zinc prices were steady in London, with a slight decline in the US market.

Gold prices were steady in London, with a slight decline in the US market.

Silver prices were steady in London, with a slight decline in the US market.

Platinum prices were steady in London, with a slight decline in the US market.

Palladium prices were steady in London, with a slight decline in the US market.

Rhodium prices were steady in London, with a slight decline in the US market.

Iridium prices were steady in London, with a slight decline in the US market.

Rosmium prices were steady in London, with a slight decline in the US market.

Seaborgium prices were steady in London, with a slight decline in the US market.

INDICES

REUTERS May 14 May 14PMH 1980 Year ago 1774.5 1778.1 1785.1 1965.0

DOW JONES May 14 May 14 1980 Year ago 1924.1 1924.0 1924.0 1924.0

MAIN PRICE CHANGES In tonnes unless otherwise stated.

METALS Aluminum: 1206.50 -7 1206.50. Copper: 1206.50 -7 1206.50.

COFFEE C: 27.00 -0.25 26.75. C: 27.00 -0.25 26.75.

COCOA F: 10.00 -0.25 9.75. F: 10.00 -0.25 9.75.

SOYABEAN MEAL 46.00 -0.25 45.75. 46.00 -0.25 45.75.

GRAINS Wheat: 120.00 -0.25 119.75. Wheat: 120.00 -0.25 119.75.

WHEAT: 120.00 -0.25 119.75. WHEAT: 120.00 -0.25 119.75.

BARLEY: 120.00 -0.25 119.75. BARLEY: 120.00 -0.25 119.75.

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MEAT Lamb: 120.00 -0.25 119.75. Lamb: 120.00 -0.25 119.75.

MEAT Mutton: 120.00 -0.25 119.75. Mutton: 120.00 -0.25 119.75.

MEAT Chicken: 120.00 -0.25 119.75. Chicken: 120.00 -0.25 119.75.

MEAT Turkey: 120.00 -0.25 119.75. Turkey: 120.00 -0.25 119.75.

US MARKETS

PRECIOUS METALS finished generally lower, with losses pared by reasonably strong technical support in platinum.

ALUMINIUM 20,000 lb. cents/lb. May 14 1980 Year ago 1924.1 1924.0 1924.0 1924.0

COFFEE C: 27.00 -0.25 26.75. C: 27.00 -0.25 26.75.

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MEAT Turkey: 120.00 -0.25 119.75. Turkey: 120.00 -0.25 119.75.

MEAT Veal: 120.00 -0.25 119.75. Veal: 120.00 -0.25 119.75.

MEAT Bacon: 120.00 -0.25 119.75. Bacon: 120.00 -0.25 119.75.

CHICAGO

LIVE CATTLE: 40,000 lb. cents/lb. May 14 1980 Year ago 1924.1 1924.0 1924.0 1924.0

COFFEE C: 27.00 -0.25 26.75. C: 27.00 -0.25 26.75.

COCOA F: 10.00 -0.25 9.75. F: 10.00 -0.25 9.75.

SOYABEAN MEAL 46.00 -0.25 45.75. 46.00 -0.25 45.75.

GRAINS Wheat: 120.00 -0.25 119.75. Wheat: 120.00 -0.25 119.75.

WHEAT: 120.00 -0.25 119.75. WHEAT: 120.00 -0.25 119.75.

BARLEY: 120.00 -0.25 119.75. BARLEY: 120.00 -0.25 119.75.

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MEAT Bacon: 120.00 -0.25 119.75. Bacon: 120.00 -0.25 119.75.

MEAT Ham: 120.00 -0.25 119.75. Ham: 120.00 -0.25 119.75.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, Dividend, and Yield. Includes sections for 'Shorts' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS—Cont.

Table of American Stocks with columns for Name, Price, Dividend, and Yield. Includes sections for 'BANKS, HP & LEASING', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', 'LOANS', 'BEERS, WINES & SPIRITS', 'BUILDING, TIMBER, ROADS', and 'AMERICANS'.

LONDON SHARE SERVICE

Main table of London Share Service with columns for Name, Price, Dividend, and Yield. Includes sections for 'BUILDING, TIMBER, ROADS—Cont.', 'DRAPERY & STORES—Cont.', 'ELECTRICALS', 'CHEMICALS, PLASTICS', 'DRAPERY AND STORES', 'FOOD, GROCERIES', 'HOTELS AND CATERERS', and 'ENGINEERING'.

ENGINEERING—Continued

Table of Engineering Stocks with columns for Name, Price, Dividend, and Yield. Includes sections for 'HOTELS AND CATERERS' and 'INDUSTRIALS—Continued'.

INDUSTRIALS—Continued

Table of Industrial Stocks with columns for Name, Price, Dividend, and Yield.

Handwritten signature 'JAMES' at the bottom of the page.

Handwritten scribble at the top of the page.

INDUSTRIALS - Continued

Table of industrial stocks including companies like British Petroleum, ICI, and various engineering firms.

LEASES - Continued

Table of lease-related financial data and company names.

PROPERTY - Continued

Table of property-related financial data and company names.

INVESTMENT TRUSTS - Cont.

Table of investment trusts and their performance metrics.

FINANCE, LAND - Cont.

Table of finance and land-related financial data.

MINES - Continued

Table of mining stocks and companies.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade companies.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing companies.

SHOES AND LEATHER

Table of shoe and leather companies.

TEXTILES

Table of textile companies.

OVERSEAS TRADES

Table of overseas trade companies.

PLANTATIONS

Table of plantation companies.

INSURANCES

Table of insurance companies.

PROPERTY

Table of property-related financial data.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related data.

FINANCE, LAND - Cont.

Table of finance and land-related financial data.

MINES

Table of mining stocks and companies.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks.

Notes and footnotes at the bottom of the page, including 'Recent issues' and 'Rights' page 38.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Account Dealing Dates
Option
*First Declara- Last Account
Dealings tons Dealings Day
Apr 28 May 8 May 9 May 19
May 12 May 29 May 30 June 9
June 2 June 12 June 13 June 23
* Newmarket dealings may take
place from 9.30 am two business days
earlier.

Recent fears of a large cash
call proved to be well founded
yesterday. At the start of trading
NatWest announced a record-
breaking rights issue amounting
to £714m. The massive funding
operation stunned the equity
market. NatWest plummeted to
close at the lowest of the day
with a fall of 88 at 770p. Other
Bank shares were marked down
sharply with Barclays closing 35
off at 512p and Lloyds ending 36
lower at 592p. Midland fell
12 to 558p. Blue chip indus-
trial shares suffered similar fate,
albeit on a more modest scale.
Inevitably, the continuing
drain on institutional liquidity
gave rise to worries about the
possibility of further funding
and by the close of the trading
session market sentiment was
thoroughly demoralised.

The extent of the shock was
well illustrated by the Financial
Times Ordinary share index
which finished only a shade
above the day's lowest level
of 1,319.5. The FTSE 100 fell
123.00. NatWest accounted for
4.9 of yesterday's fall in the
index. The more broadly-based
FTSE index dipped 29 points to
1,504.3.

The surrounding gloom
dampened much of the recent
speculative activity which was
largely responsible for the pre-
vious day's recovery movement
in the equity sector.

Overall firmness in the US
bond market gave fresh impetus
to Government securities. Occa-
sional buying pushed long-
dated stocks up further by just
over a point before a few late
offerings clipped official closing
gains by an additional 1.50p.

Composites retreat
Despite better-than-expected
first-quarter profits from Com-
mercial Union and a favourable
quarterly performance by
General Accident, Composite
Indices wilted in sympathy
with the general trend. CU
improved to 329p on the figures
before reacting to finish a few
pence easier on balance at 325p,
while GA ended 11 down at 341p.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times,
the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Index No., Day's Change, Day's High, Day's Low, Year Ago (approx).

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NatWest £714m rights issue triggers
widespread retreat by equities

extremes of 773p and 788p
before closing unaltered at 770p
following the announcement
that Charter Consolidated had
sold virtually all of its near-9
per cent stake in the group.

Market newcomers Westbury
and Worcester both staged
highly satisfactory debuts given
the prevailing conditions. The
former opened at 180p and
moved up to 186p compared with
the offer-for-sale price of 145p,
while the latter, placed at 110p,
started at 123p and advanced to
137p.

Leading Buildings displayed
moderate falls following an
initial defensive mark-down and
subsequent bouts of scrappy sel-
ling. Blue Circle settled 2p
lower at 678p, while RMC shed
6 to 646p and BPB Industries
eased 5 to 465p. Against the
trend, Barnard Developments but
rumours revived; the latter,
dropped to 452p initially, were
finally 2p cheaper on balance at
460p.

Secondary issues were
cheaper at 284p. Secondary
returns were mixed. Buyers
returned for Goldsmiths, finally
12 to the good at 226p, while
handing merchants Lanes,
subject of sizable "call" option
business recently, hardened a
couple of pence more to 35p.

Revived demand in an extremely
limited market. The FTSE 100
ended 11 down at 341p.
Royaals fell 17 to 813p awaiting
today's third-quarter results and
G&E dipped 8 to 809p. Among
quietly dull life issues, Legal
& General relinquished 11 to
739p in the water group.

In sympathy with the depres-
sion in the clearing banks,
Bank of Scotland dropped 12
to 385p as did Royal Bank of
Scotland to 314p. Standard
Chartered, meanwhile, rose 8
to 815p on hopes of an increased
offer from Lloyds. Mercury
International moved between

FINANCIAL TIMES STOCK INDICES

Table with columns: Index Name, May 14, May 15, May 12, May 9, May 7, Year Ago.

HIGHS AND LOWS

Table with columns: Index Name, High, Low, Daily Change, % Change.

S.E. ACTIVITY

Table with columns: Index Name, High, Low, Daily Change, % Change.

while Concentric added 5 at 104p
on further consideration of the
interim figures. It was featured
after-hours and moved up 11 to
553p, but the surrounding
malaise took leaders GRN down
3 to 359p and Hawker, 5 to 573p.

Foodstuffs drifted easier on lack
of interest. Cadbury Schweppes
eased 3 to 471p and record bid
favourite Rowtree Meats added 2
to 573p. Tate and Lyle, which
associated British Foods, a strong
market on Tuesday amid revived
Fine Fare sale rumours, slipped
4 to 356p. Dee Corporation,
lost all of Tuesday's gain of which
followed a recommendation by
stockbrokers James Capel. Else-
where, D. J. Security Alarms
moved up 6 to 388p in response
to revived hopes and
Electronic Machine attracted
speculative support at 72p, up
6. TDS Circuits ended 4 better
at 159p despite the annual
deficit, but Molyneux fell 4 at 82p,
after 50p, on news of the pro-
posed 50.3m rights issue.

F. S. Batefield were again out-
standing in Engineering, rising
35 more for an advance of 87
pence to 1,027p. The FTSE 100
ended 11 down at 341p.
Royaals fell 17 to 813p awaiting
today's third-quarter results and
G&E dipped 8 to 809p. Among
quietly dull life issues, Legal
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to 815p on hopes of an increased
offer from Lloyds. Mercury
International moved between

to 121p following profit-taking.
Elsewhere in the Leisure sector,
SelectTV settled a penny cheaper
at 25p, after 24p.

Advertising agencies gave
ground across a broad front
as Saatchi and Saatchi closed 10
cheaper at 750p, after 745p, while
double-figure falls were also
evident for Lowe Howard-Spink,
385p, Valin Pollen, 177p, and
Wight Collins Rutherford, 500p.
In contrast, sales promo-
tion group Holmes and Marchant
improved 20 to 515p in belated
response to the interim state-
ment.

Leading Properties held up
well, the tope helped by bet-
ter-than-expected annual profits
and dividend from Land Securities,
finally a penny dearer on balance
at 311p, after 312p.

Shipping plotted an irregular
course. 700 Deferred eased
5 to 525p, while British and
Commowealth, due to reveal
preliminary figures today, gave
up a few pence to 516p. Walker
Ruelman, on the other hand,
continued to benefit from the
impressive results and put on 4
for a two-day advance of 20 to
106p.

Mildly disappointing first-
quarter results and a cautious
address by the chairman at the
annual meeting left Ultramar 10
lower at 180p. Elsewhere in oils
slipped 5 to 570p, while Agri-
the first-quarter figures expected
around 1.30p today, while
5bell, due to announce quarterly
results at 9.30 am, eased a few
pence to 355p. Barnham fell
away to 348p in early trading,
on further consideration of the
£88m rights issue, but picked up
later in the session to close only
2 off at 353p. L&S&O ran better
8 to 123p and IC Gas dipped 5
to 373p. Secondary oils provided
a handful of firm features. KCA
Drilling moved up 4 to 166p fol-
lowing a recommendation by
Hunting Petroleum edged up 4
to 152p following the annual
meeting. Century Oils rose 9
more to 102p, the best of 102p.

Confirmation of further pur-
chases recently by various
parties registered in the name
of Bank of New York nominees
ensured another lively turnover
in Loro which traded between
26 1/2 and 25 1/2 before settling a
net penny dearer at 26 1/2.
Activity in the shares also stimu-
lated by a good 150p interest in
traded options. Elsewhere in
Overseas Traders, fresh interest
was noted for Polly Peck which
finally closed a couple of pence
higher at 153p. The interim
results will be announced on
May 28.

Apart from the UK-based
Financials, which held up well
in the face of the widespread
retreat by domestic equities,
mining markets gave ground
over a broad front. Hampton
Assets continued to edge higher
and settled another 2 better at

EQUITIES

Table with columns: Index Name, High, Low, Daily Change, % Change.

FIXED INTEREST STOCKS

Table with columns: Index Name, High, Low, Daily Change, % Change.

"RIGHTS" OFFERS

Table with columns: Index Name, High, Low, Daily Change, % Change.

TRADITIONAL OPTIONS

Table with columns: Index Name, High, Low, Daily Change, % Change.

RISES AND FALLS

Table with columns: Index Name, High, Low, Daily Change, % Change.

YESTERDAY

Table with columns: Index Name, High, Low, Daily Change, % Change.

NEW HIGHS AND LOWS FOR 1986

Table with columns: Index Name, High, Low, Daily Change, % Change.

NEW HIGHS (78)

Table with columns: Index Name, High, Low, Daily Change, % Change.

NEW LOWS (45)

Table with columns: Index Name, High, Low, Daily Change, % Change.

RECENT ISSUES

Table with columns: Index Name, High, Low, Daily Change, % Change.

FIXED INTEREST STOCKS

Table with columns: Index Name, High, Low, Daily Change, % Change.

"RIGHTS" OFFERS

Table with columns: Index Name, High, Low, Daily Change, % Change.

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NEW LOWS (45)

Table with columns: Index Name, High, Low, Daily Change, % Change.

LONDON TRADED OPTIONS

Table with columns: Option Name, Call/Put, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, Bid, Ask, Stock.

* First yield, Highs and lows record, base dates, values and consistent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Gordon House, Cannon Street, London EC4A 3DF, price 15p, by post 25p.

WORLD STOCK MARKETS

Handwritten note in Arabic script: "سوق الاسهم العالمية"

Table of stock market data for various countries including Austria, Germany, Norway, Australia, and Japan. Columns include country, date, price, and change.

CANADA

Table of stock market data for Canada, including Toronto and Montreal. Columns include stock name, price, and change.

Indices

Table of stock indices for various regions including New York, London, and others. Columns include index name, date, and value.

OVER-THE-COUNTER

Table of over-the-counter stock market prices, including various company names and their current prices.

LONDON

Table of stock market data for London, including various company names and their current prices.

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, May 14

Main table of stock prices with columns for 12 Month High/Low, Stock Name, Div. Yld., P/E, and Price Change. Includes sections for NYSE, OTC, and various market indices.

Continued on Page 35

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 34' and 'AMSTERDAM/DELFT/EINDHOVEN'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 34' and 'AMSTERDAM/DELFT/EINDHOVEN'.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table of Over-the-Counter prices with columns for Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 34' and 'AMSTERDAM/DELFT/EINDHOVEN'.

AMSTERDAM/DELFT/EINDHOVEN GRONINGEN/DE HAGHE/HAARLEM/HEEMSTED/LEIDEN/LEIDERDORP/OEGST/GEEST/RIJSWIJK/ROTTERDAM/UTRECHT/WASSENAR THE NETHERLANDS. Your subscription copy of the FINANCIAL TIMES can be hand-delivered to your office in the centre of any of the cities listed above. For details contact: Richard Wilks. Tel: 020 239430. Telex: 16527.

